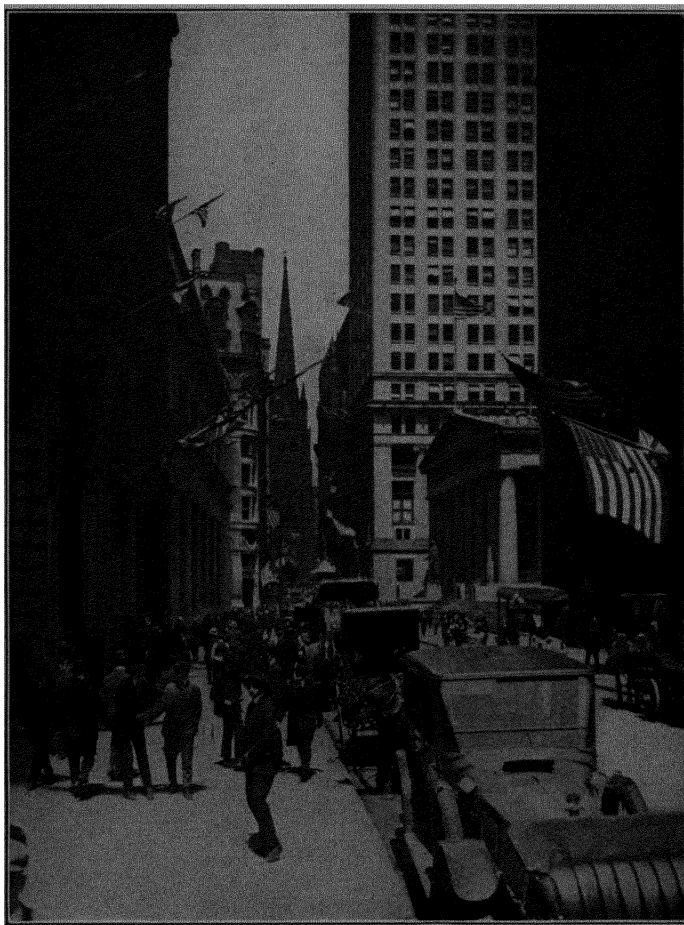


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ECONOMIC CIVICS

BY

R. O. HUGHES

PEABODY HIGH SCHOOL, PITTSBURGH



ALLYN AND BACON

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RAD

PREFACE

THIS book is the result of a conviction that an understanding of some of the elementary principles underlying our economic life is necessary to good citizenship. In times when there is so much opportunity for misunderstanding between those who are associated in doing one and the same part of the world's work, it is particularly important that as far as possible every pupil in our schools shall have a chance to know why and how certain things are done in industry and what remedies are proposed to cure whatever unpleasant features are prevalent.

To put these laws and principles in language which the junior high school boy or girl can understand is not the easiest task in the world, even though questions of right and wrong can be made as clear to them as to older people. We believe, however, that such a study as is here undertaken not only is within their grasp but should be of tremendous help in enabling them to understand how the world works and how each one may do his part to the best advantage.

To make sure that every pupil understands the machinery of government which must deal with the problems set forth here, chapters three to five give such a brief survey of our governmental organization as is necessary to make clear how the government's part in business must be done. Teachers who are certain that their pupils are thoroughly familiar with this can without harm omit these chapters.

For reference work in connection with the study of these topics we may mention the following texts which in part at least are not too difficult for pupils of the age for which this book is intended:

Ely and Wicker, *Elementary Economics* (Macmillan).

Burch and Nearing, *Elements of Economics* (Macmillan).

Carlton, *Elementary Economics* (Macmillan).

Laing, *Introduction to Economics* (Gregg).

Thompson, *Elementary Economics* (Sanborn).

Carver, *Elementary Economics* (Ginn).

Tufts, *The Real Business of Living* (Holt).

Smith, *Commerce and Industry* (Holt).

Lessons in Community and National Life, United States Bureau of Education.

Burch and Patterson, *American Social Problems* (Macmillan).

Very helpful information can also be obtained from pamphlets issued in part for advertising purposes by various industrial concerns. The International Harvester Company, Washburn-Crosby Company, Swift and Company, Armstrong Cork Company, United States Rubber Company, Ford Motor Company, and many others have issued publications which are both interesting and instructive. Suggestions for reference books for the study of vocations are given on page 189.

Wherever possible, let the pupil see the things go on as they do in the regular operations of business. Next to that, talks by persons who themselves are participants in what they describe will be helpful. The more the pupils feel that they are not merely getting book information but are becoming acquainted with the process of doing things, and are understanding the relations that do or ought to exist between workers and employers, between one set of workers and another, or between those who are connected with an industry and those who make use of its products, the more vital and worth while will be this study.

I have had the privilege of being associated in preparing a syllabus for use in the schools of Pennsylvania with Mr. Frank M. Leavitt, Associate Superintendent of the Pittsburgh Public Schools, who is himself the author of a little book that is a kind of pioneer in this field. In doing this

work advantage was taken also of another outline which had previously been prepared by Mr. Leavitt, Professor Commons, and Miss Weeks. Acknowledgment for helpful illustrations has been given in connection with their use in the text.

R. O. HUGHES.

PEABODY HIGH SCHOOL,
PITTSBURGH,
February, 1921.

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ECONOMIC CIVICS

CHAPTER I

THE THINGS WE NEED

*Ill fares the land, to hastening ills a prey
Where wealth accumulates and men decay.*

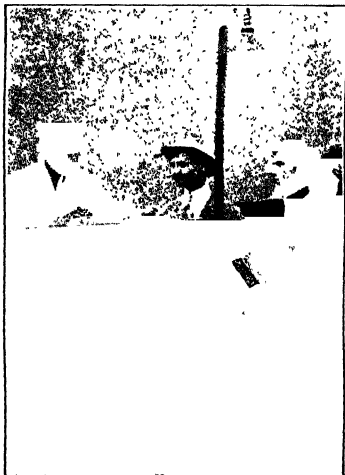
— Goldsmith.

1. The People of the World. — “It takes all kinds of people to make up a world.” No doubt you have heard this said many a time. If you have ever stopped to think about the people whom you know yourself — and no one can be thoroughly acquainted with a very large number — you have discovered how true it is.

People not only have different tastes and talents, but are unlike in many other respects. What a motley collection of colors and costumes would one see if a convention of delegates from all the lands under the sun should assemble to discuss world peace or some other subject in which they all ought to be interested! And how much trouble they might have in understanding one another! The Frenchman and the Turk, the Englishman and the Russian, the Filipino and the Chinaman would probably have to use “sign language” or have the help of an interpreter if they tried to carry on a conversation.

Yet with all their differences, men and women are in many ways alike wherever you find them. The Creator did not make mere automatic machines which could be wound up like a clock and set to running. Every normal person possesses the power to think, and has to use that power to

meet the situations that arise from day to day. If he is to be happy, or even to live, he must have certain things. Some of these things are very largely under his own control, but others he can not produce, though he may have to decide how they shall be used. All people, however different, require certain necessary things in order to live in comfort.



DIFFERENT, YET ALIKE.

The immigrant inspector can not talk with the would-be immigrant without the help of an interpreter. If the inspector did not have his cap on, could you tell him from the others?

Shut up a plant in a dark cellar and see how white and sickly looking it becomes. In just the same way do human beings suffer if they do not get the sunlight. And what would become of this old world if it were not for the heat of the sun's rays?

Every animal must have its strength renewed from time to time by food, and some animals need a good deal of it. Men and women are no exception to this rule, as you know. But food does not usually come without effort on our part,

How would you like to live in a world where all people were alike? Would you enjoy living in a world where everything was provided by Nature in just the form that you needed it, and where you did not have to plan for the future at all?

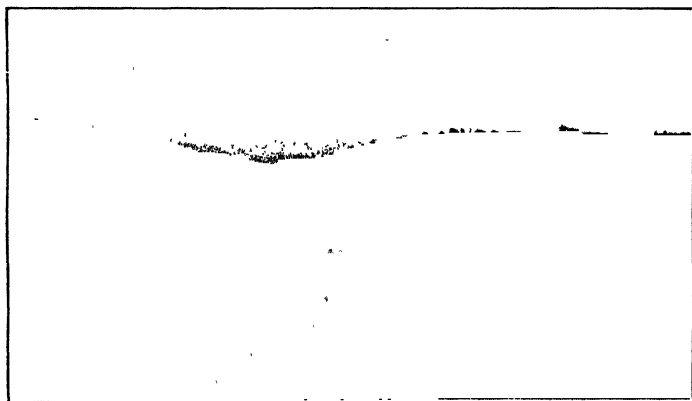
2. Things We Must Have.

— What are some of these things which every one must have in order to live and to be happy? The most important are air, food, clothing, and shelter.

We breathe without thinking about it, as a rule. But let something happen which cuts off our supply of air and we find at once how necessary this thing is which is around us all the time, in spite of the fact that we can not see it.

like air and sunlight, even though we must have it. If it grows wild in the fields, some one must at least go where it is and gather it. Generally, too, we must give it some special preparation by cooking or otherwise.

In order to be comfortable we need clothing most of the time, especially in the colder climates. Besides, custom has become so strong among most people that they think they need more than is necessary merely for comfort, and want to have it in certain styles and varieties, so that they may dress



THE MODEST FARM HOME.

The attractive scenes which surround this farmer's dwelling ought to help atone for the absence of street-cars, movies, and conservatories. Does the family that lives here lack anything that is really essential to happiness?

in accordance with standards which have somehow or other become established.

Then, too, in whatever part of the world we live, we need some kind of shelter. It may be to keep out the frost and cold of the northern winters or to gain relief from the burning sun or the drenching rains of the tropics. It may be the Eskimo's igloo or the African's thatched hut, the palace of a millionaire or the plainer home which you and I enjoy — but every one needs some place for refuge, shelter, and rest.

3. The Bounties of Nature. — What chance have we of obtaining the things we need? Is it a hard, wearisome, unending struggle — this life into which we have come? Surely a wise Creator would not place upon the earth a race of beings who must have certain things in order to exist, unless he also provided the means for meeting these needs. And these means are all at hand.

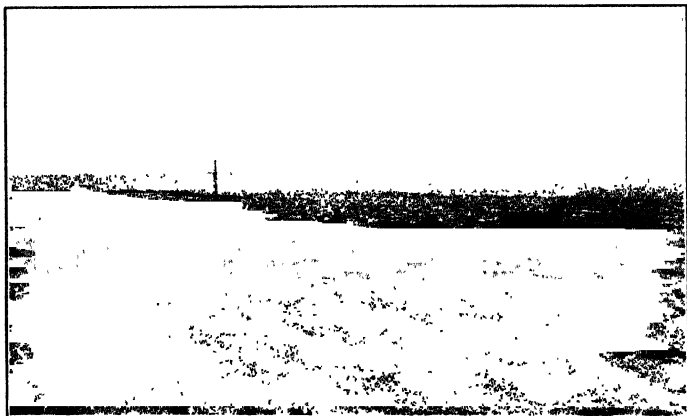
Air, sunlight, and often water are provided in such abundance that we may call them *free goods*. We have only to take them and they are ours. Other things, which we can not secure without some effort or sacrifice, great or small, we call *economic goods*. But for these also the materials are given to us, and we need but to make use of brain, muscle, energy, and time in order to get them. The plants produce seeds, which we can put in the ground and thus raise more plants. The ores wait in the mountain rocks or beneath the surface of the ground for the miner's pick or the steam shovel or the powder blast to tear them loose. The wood of the forest giant can be turned and carved and fashioned until it may serve our needs in a hundred ways.

Of all these there has been in the world enough and much more than enough to meet every need of every man and woman who ever lived. We must keep from wasting these gifts of Nature, it is true, but she has never failed to give us enough. When the supply of one commodity fails, something else is ready to take its place. Wood, coal, gas, and oil have all served in part the same purpose. When these run low, the streams may still give us power to generate the mighty force of electricity; and who knows but sometime we may even harness the sunlight?

4. What Has One a Right to Expect? — "The world owes every man a living." So some people have said, usually in excusing themselves for not working. If that is the reason, perhaps they expect too much, for surely one ought to be willing to do a reasonable amount of work in return for Na-

ture's gifts. But if Nature has been so bountiful as we have said, there are certainly some things which every one may have the right to expect and of which no one should be deprived, if he does his part to earn them. Some of these — food, shelter, and clothing — we have already mentioned.

Food we must have, for as we have said, no one can live without it. But how much? Surely one may expect more than just enough to live on. The variety and amount of



Courtesy of Reclamation Service.

A HOMESTEAD IN THE DESERT.

In the Shoshone irrigation project, Wyoming. It must take courage and ambition to start home-building in a place like this. With what does Nature supply this man? What must he get along without, which you and I think we ought to have?

food will vary with a man's physical make-up and manner of living. Yet every one, rich and poor alike, has the right to expect enough of it to keep him strong and healthy.

Then every one should at least have sufficient clothing to protect him and at the same time to give him a neat appearance. This does not mean that all should demand fine, expensive clothes. But every one surely has the right to expect enough for health and comfort, simple though it may be. To satisfy the need for shelter men have learned

to build houses. To-day surely one may expect a dwelling of some sort, where he may enjoy a real home life.

But man is naturally a sociable creature. He not only likes but really needs some form of recreation and some change outside of the routine of his daily life. Since this is so, he has the right to expect the opportunity to earn more than enough for mere existence, or to supply simply the necessary food, clothing, and shelter. He can rightly ask that he may have this enjoyment and at the same time lay by a few savings for his old age. He ought to have some chance, too, for improving himself mentally and morally, both for his own benefit and in order to become a more capable and valuable citizen. He should also be able to give his children such education as will make them intelligent, self-reliant, and honorable.

That every one may have all these things is surely not too high an ideal for a community or a nation. To have less, indeed, would mean that one was handicapped at the start in the race of life. And, as we have said, there is in the world enough of the needful things to supply each human being, if no one acquires more than his share.

Should all people expect the same things, in quality or amount? Has any one the right to expect more than another?

5. Why Some People Get Too Little.—But there are many people in this world who get far less than this. They do not even have enough to supply the real needs of life, and can enjoy hardly any of its pleasures. For every millionaire there may be a thousand paupers.

Now why do these people get too little? Why is their share of things so much smaller than we have said one has a right to expect?

(1) Sometimes *physical weakness* of some kind is responsible. The blind man who stands on the corner trying to get a little money by playing a cheap mouth organ is an example of this. Sickness often keeps one from earning

his regular wages, and if it is long continued may unfit him for doing any work that is difficult. Such a weakness is not in all cases a handicap. Often men and women have accomplished wonders in spite of it. But such people certainly deserve a great deal of credit, for usually they live and work under a great disadvantage.

Can you mention some famous men or women who were blind or who were constant sufferers from some bodily illness or misfortune?

(2) By contrast we may notice the man who is noted for *laziness* and *lack of ambition*. He possesses no desire to do his work well or to make a success of it, but prefers an aimless life of idleness. And so he gets small returns and perhaps does not deserve even these.

(3) Another reason why many people get too little is their *lack of ability*. A man may be a hard worker and desire to get ahead, but because he lacks talent or education or experience, he does not succeed. For this reason many a person is forced to accept too little to live on decently.

(4) Some people through their own *extravagance* do not have enough. They may have the ability to earn but they seem to be unable to save. What money they get they spend lavishly for expensive food, clothing, and luxuries, or throw it away in some foolish investment by means of which they hope to get wealthy. Then they must almost starve for a while. Small wonder it is that most of the time they have too little.

(5) Another reason to-day why people do not have enough is *greed and unfairness*. People are actually robbed. Some one takes more than he has a right to have, and what he gets must be at the expense of some one else. The people who are getting less than they deserve are often not able to exert sufficient power to obtain their dues.

The burglar, who takes a person's money and jewels, however, is not the only thief. Some men show no conscience in dealing with their fellow men. They do not hesitate to take advantage of another's needs and compel him

to pay them, for their goods or services, prices far beyond what they are worth. Profiteers, we call such people. But if men are to live they must pay the prices charged for the things by which they must live. That is where some of the people's money goes which ought to enable every honest, hard-working man to have a comfortable living. That is why some people get too little — because others get more than their share.

How many of these causes of poverty are the fault of the individual and how many are the fault of society in general? Will there always be poor people? Do you think any one, even though he is physically inefficient in some way, should go about begging? What should be done with the lazy man who has no ambition? What do you think are the causes of laziness? Can the condition be remedied? How can the hard worker who lacks ability be helped? Can we get rid of the profiteer? How? If a condition exists where many men get too little, what is it likely to lead to?

6. Why Some People Get Too Much — First of all, what do we mean by "too much"? Surely it is not simply a condition of having more than some one else, for perhaps the one who has the larger amount worked hard while another man loafed. Perhaps we can agree that a person has too much if in order to get it he must force some other person to suffer, or if the possession of it causes him to fall into habits of laziness, wastefulness, or some other undesirable manner of living.

(1) A person may owe his wealth entirely to *luck* — if it is proper to use that word at all. He may have been born in a wealthy family. Or perhaps some rich uncle may have presented him with some valuable gift or may have died and left him a fortune. Such occasions are not very common, it is true, but they do occur. In all these cases the individual himself is not responsible for his wealth, and is under a great temptation to live in lazy enjoyment, simply as one of the idle rich, who do no good to the world.

(2) Some men to-day have obtained their wealth largely through dishonesty. Besides the robber who makes a prac-

tice of taking the goods of others, there are men who, although they appear to be good, really become rich by depriving others of their share. The rich mill owner, who works his men like slaves and gives them low wages; the speculator, who sells worthless stock to persons who have saved up a little money, and the profiteer who charges enormous prices for the necessities of life, knowing that the people must pay or do without, all belong in this class.

(3) Then there is the man who through *influence* of some kind gets paid for work which he does not do. Especially do we see this in public offices. Too often a person with political influence backing him is the one who gains recognition and good pay, while another man, perhaps much better equipped for the office, but unknown, is denied the opportunity to attain the honor or the reward of service.

(4) Other persons through *greed* and *selfishness* amass fortunes. The money they earn is carefully hoarded and they make sure that none of it is used for the benefit or pleasure of any except themselves. Such people naturally have more than is necessary for their use.

(5) Still another reason why some men get more than they earn is the *extravagance and folly of others*. Many people will pay too much for something that they absolutely do not need, rather than not have it. They do not have the brains, or if they have them do not use them, to distinguish between a wise and a foolish way to spend or invest. The saloon keeper often argued, "If these fellows are going to throw away their money, why shouldn't I get it as well as anybody else?" The promoter of prize fights, the fashionable hairdresser, the clairvoyant and fortuneteller, are all willing to take the coin from those who "spend money for that which is not bread." If these people get more than they deserve, the blame rests partly on those who let them get it.

Is there any limit to what people can earn honestly? Is it desirable for people to have more than enough for reasonable comfort? What may be the result?

7. How the Needs of All Can Be Met. — From what we have just observed about people who have too little and people who have too much, it is evident that no one cause can be blamed for the uneven division of the good things and pleasures of life. Yet it is clear that if every one understood as much as every other person about the principles that underlie the success or failure of people, there would be less want and waste and abuse of others' rights.

We may naturally ask, then, whether it is possible to find some laws or principles about the dealings of men with one another and about their use of the great gifts of Nature. If such laws can be worked out, and people can all know them, surely we can accomplish very much and make the world a better place to live in. Just here we will try to lay down a few great principles which are, beyond question, of the first importance.

(1) The surest and safest way to secure the things we need is by honest, faithful work. Things acquired by this means may seem to come slowly. But they usually *come*, and for most of us there is no other way to get them. Besides, there is much real satisfaction in the thought that we have earned the things that we possess.

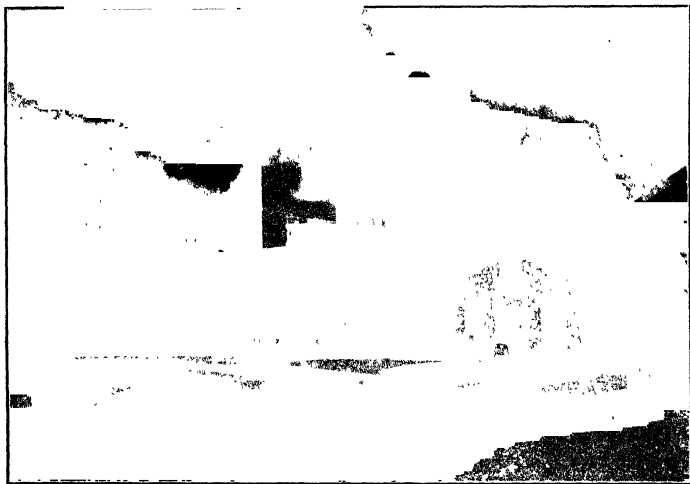
(2) No one has the right to take for himself anything which belongs to another, or to supply his own needs or wishes by making another suffer. Much of the unhappiness and injustice in the world would completely disappear if every one obeyed this law.

The Golden Rule is not only good morals but good business. Care for the other fellow's interest is really care for our own, as our welfare can be secured only with the aid of our fellow man. For this reason common sense, as well as fairness and honesty, demands that we purchase the good-will of others by right dealing. Only with the assistance and coöperation of our fellows can we accomplish anything of real consequence.

(3) If individuals will not respect the rights of others, then the people as a whole have the right and duty to pro-

tect those who may not be able to protect themselves from suffering and oppression and to prevent those who are strong and selfish from using their strength unfairly. "Might makes right" is a doctrine that never was true and that no man or nation should ever be allowed to practice.

(4) The right use of the gifts of Nature and obedience to her physical laws are all-important. We can not long violate these without either suffering ourselves or causing others to suffer.



VIOLATING SEVERAL LAWS AT ONCE.

The ordinances of this city forbid such smoke. The owner of the factory is losing money, too, and is harming other people as well. Why does he do it? Who ought to complain?

Mention some wrongs or evils that would be remedied if these laws were always fully respected. Should a person have any different standards of conduct in business from those which he maintains in his private life?

To make it possible to meet the needs of all, there are some conditions which must prevail. A few of these, we will consider briefly.

8. Security. — Providing we have acquired the things we need, what then is of most importance? Security, to be sure. By security we mean protection for ourselves and our property from all kinds of injury. If every morning a man went to work thinking that perhaps he would come



KEEPING A CITY SAFE.

home to find his family murdered, his valuables stolen, or his house burned to the ground, how much do you think he would be able to accomplish? Fear would be uppermost in his mind. There would be no thought of business. And why should he work, if, after all his effort, all might be destroyed at any time? He could make no progress in anything.

Fortunately, such conditions do not exist today. A person may go out at any time and have no reason to expect injury in any way. He may work hard to gain those things which he needs and feel sure that they will be safe. But what

gives him this feeling of security? It is the fact that the government itself, which acts for all the people, gives its protection, without which people would be far from contented and happy.

What does security mean to you yourself? What would happen to industry if security were not assured?

9. Working with Other People. — What would this world be like if each one of us were compelled to work alone? What would it be like if everybody insisted on working by himself? Did you ever see a basket ball team made up of five brilliant players, each one of whom was always trying to outshine his team mates and get all the glory for himself? Such a team will not win half the games that it ought to win. Such would be the condition in industry if we did not work with other people. Just as that team, without coöperation, would fall far short of what it might do, so no one of us will accomplish nearly so much without teamwork, no matter in what enterprise we are engaged.

Besides, contact with others broadens our entire outlook on life. We begin to see things from the other fellow's viewpoint and realize that we are not the only ones to be considered.

But although people to-day work together, still there is hard feeling — not so much between individuals as between classes. The spirit of teamwork is missing. Employers and workers are continually at war, simply because they refuse to see each others' point of view. The head of a firm sometimes thinks of his workmen only as so many tools, while they perceive that the part they are playing is really very important and they think the "boss" is just an old miser hoarding money obtained by their labor.

If only these two classes could realize that all must play their part, that all kinds of work, no matter how small and useless they seem, may be really necessary, and that only through coöperation can efficient work be done, surely such conditions could not exist and people as a whole would be more contented. Coöperation *pays*.

Would you enjoy working alone? Can you mention any occupation in which man can engage which has nothing to do with other people?

10. The Square Deal. — If a man after working hard discovers that he is getting only small wages, while another

man who does not half as much is amply rewarded, naturally the hard-working man will become discouraged. And so it is with the thorough and conscientious worker who never seems to get along, when he sees the rich man who has everything he desires, though perhaps the latter is not compelled to work at all. Such conditions do exist and therefore discontent is common.

But what are we to do about it? We should not say that people should be rewarded only in accordance with the time they work. If that were true, the ditch-digger who works all day would deserve the same pay for a day's work as the doctor who spent many years getting an education.

Nor can we reward effort alone. One man may try very hard to do a certain piece of work, yet in spite of all his efforts the work may be poorly done. Certainly he should not be paid as much as the man who does it well and swiftly.

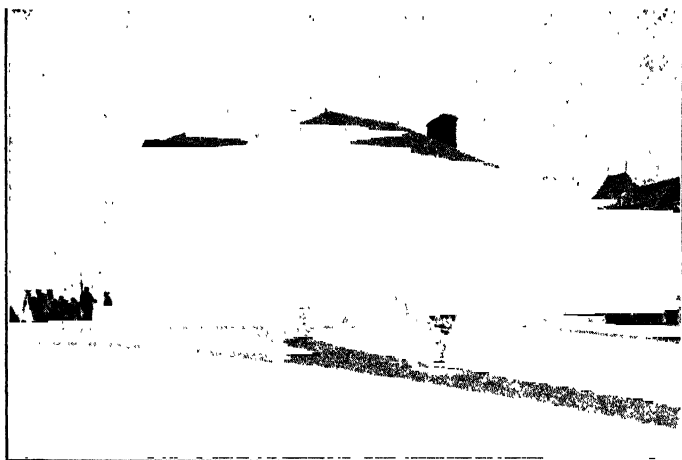
Perhaps we may say that all men should be compensated in proportion to what they do and how it is done, and that people should not receive what they did nothing to earn. Time and money spent in preparation for work should also be rewarded, for only by doing so can we hope to have people desire an education to perfect themselves. Although some men will probably always be underpaid, while others will receive too much for their efforts, it is our duty to see that the habit of giving a square deal to all should be cultivated in this great country.

Too often in business we have seen the principle followed which was announced jokingly by David Harum, the leading character in a story which was very popular a few years ago. "Do unto the other fellow the way he'd like to do unto you — and do it first," he said. How far short of the real Golden Rule that is! It takes for granted that everybody is trying to take advantage of everybody else. How much better it would be if all of us, instead of trying to get the better of other people, tried to treat others exactly as we should like to have them treat us! How much more con-

tented would every one be then! We should find in the long run that the square deal *pays*, too.

What does a square deal mean to you in your school life? In any position that you ever held? Do you think that the Golden Rule could be applied in all business transactions?

11. Enlightenment. — By enlightenment we mean knowledge or learning which gives us intelligence and the ability to understand the world in which we live. Is this, then,



OUR HIGH SCHOOL.

This place and others like it are doing more to enlighten our community than we or other people often realize.

necessary to contentment? We all know the saying, "Where ignorance is bliss, 'tis folly to be wise." And sometimes this seems almost true. The poor ignorant man who lives in a mean little home and works all day in our mills may be entirely contented with his life because he knows no other. The child who has never had beautiful toys to play with may be happier with her old rag doll than the rich child is with her many and expensive French dolls.

But let these same ignorant people once learn that there is more in life than bare existence. Let them once become acquainted with the pleasures and luxuries that some folks have in such abundance. Immediately discontent sets in, and a striving for higher and better things may follow. And then gradually from this, a new contentment comes — not the kind that they formerly enjoyed, which was mere physical satisfaction, but a higher form of contentment. This higher kind comes from realizing what one ought to have and knowing that one is actually making progress toward gratifying those needs.

In many cases, then, a certain kind of discontent is almost desirable, since in the end it brings the highest form of contentment. And so enlightenment is indispensable, for only an intelligent people can recognize their needs and know how to gratify them.

What has education done for you? What would be the condition in this country if the people were not enlightened? Does education increase one's ability to work?

QUESTIONS

Mention some differences among individuals; some respects in which all are alike. What things are necessary for our existence? How far has Nature provided for these needs?

What things can one reasonably ask to have society guarantee to him? Why, in each case? Why do not all people have as much as this? How many of these reasons are the fault of the individual himself, and how many is he not to blame for? Why do some people have more than they deserve?

State four fundamental principles of social relations. Why is teamwork or coöperation important? Show how industry would be improved if this were practiced. What do you understand by "the square deal"? How far short of it are we? Mention the ways in which enlightenment benefits a nation. What kind of discontent is sometimes desirable?

SPECIAL TOPICS

Ill-earned Riches.

The Square Deal in Business.

What Makes an Enlightened Nation?

CHAPTER II

THE THINGS WE WANT

It is the ideal of democracy that the individual and society may find fulfillment in each other. — Kingsley.

12. The Extent of Our Desires.— Nature's generous bounty does not stop with giving to men's use enough to supply their absolute needs. There is an abundance remaining for those who are willing to put forth the necessary effort. There are plenty of things, too, which we should like to have. When Goldsmith wrote, "Man wants but little here below, nor wants that little long," he surely could not have been thinking of the average person of to-day.

There is absolutely no limit to human desires. Did you ever hear a child wish for a blue rose or a fairy to take him to the land of dreams or some other equally impossible thing? Older people's wants are sometimes just as impossible and countless; yet the very fact that they have them promotes the social progress of the world.

You have learned that in many tropical countries there is a very low form of civilization. The climate is hot, and Nature has been too good to the people. Their wants are few and their progress has been very slight. Without these desires for better and bigger things, the world would soon cease to advance, and decay would follow.

People's desires vary greatly. To one boy a pair of skates would bring the greatest joy on earth, while another boy longs for a roadster all his own. What pleases the first boy would be spurned by the other. Yet a poor man living

plainly and neatly in a cozy cottage may be far more contented and happy than a rich man in a huge mansion.

But why do not people always get that which they desire? Many obstacles stand in the way. *Environment*, or a person's surroundings, plays a big part. Perhaps a little girl's greatest desire is to have a tiny garden, yet she may live in one of our awful tenements and never have even the opportunity of seeing a bit of green grass without walking a mile or two to the Park.



A SCENE IN THE TROPICS.

Nature is kind and wants are few. Living is easy and work is light. Do you think the people are happy? Would you like such a life?

One may be prevented also by his *lack of ability*. There are many men who love art and long to become famous painters, but they do not have the talent and the world never hears of them.

Besides, our desires are also restrained by our own *personal conditions* and those of our friends. A boy may desire to have a great Dane dog, but if his mother does not like

dogs, his desire may not be gratified. If the "movies" hurt my eyes, it is possible that I may seldom go to them, no matter how much I may enjoy them otherwise. But if I do not enjoy them my desire for them amounts to little or nothing, even though millions of people go to them several times a week. Then, too, people are often born to certain social and financial positions in life. This is often harmful to rich and poor alike, and may prevent them from doing the things they most desire or bringing out the talents they really possess.

Yet with all the limits that one may find in the way of gratifying his own personal desires, the entire number of desires of all the people of the community would be almost impossible to count.

Make a list of all the things which you want for your needs or your comforts during some particular period of fifteen minutes. How large a part of all your wants do you think that represents?

13. Our Individual Desires. — We may group desires in two classes, *individual* and *community*. In these two great classes the individual desires, or those which concern one's personal gratification, are usually the first considered by most people. Some desires are purely selfish but we should not think that all individual desires are so. If a person wants a college education or a new set of tools so that he can do better work in the trade or profession which he follows, he is not to be blamed but to be praised.

Among our individual desires are many of the things which we want because we must have them. Almost every boy needs a suit of clothing, collar, necktie, shoes, hat, and a warm sweater or coat. Then he must have some place to live in and food to keep him alive, and it is a well-known fact that boys seem to require more food than almost any other animal. With a few changes this list of needs would apply to girls as well as to boys.

Besides, each person may need something for his own special work which would be an extravagance for most other

people. To a doctor a "machine" is almost essential if he has to travel around to meet many patients; a carpenter must have his tools and a draftsman his drawing set.

Then there are the countless things we want because we like them. Candy, music, fine clothes, a dog, a victrola, are included in the great list of personal wants, beyond the realm of necessities.

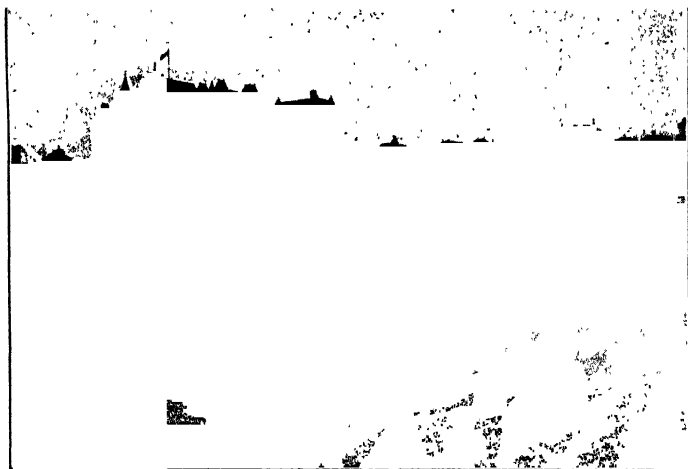
Make a list of ten things which you personally want because you must have them. Make a list of ten things which you do not positively need, but which you want because you enjoy them. Make a list of ten things which you would like to have, but do not have, telling why in each case. Mention some things you would buy if you had \$100 which you must spend promptly; if you had \$1000. Would the \$100 list include anything which the \$1000 list did not?

14. Our Community Desires. — As members of a community we have many desires relating to the community as a whole, for which we might not otherwise feel any demand. A family living alone in the country may care little about anything except three square meals a day, a place to sleep, and work about the farm to provide food. But let this same family move to a city or even a small community. Immediately they begin to desire clean, paved streets, fire and police protection, removal of rubbish and garbage, good schools, a more attractive place for worship, and innumerable other things they never thought of before. Parks, public libraries, playgrounds, and other facilities of that nature, a community is willing to work for and spend money for, even though few members of the community would think of providing such things on their own individual account.

But, strange as it may seem, the desires of all families are not good. Therefore the community as a whole forces them to have certain things. It requires them to have garbage cans, paved sidewalks, and numbers for their houses. Fire and police protection are given. People are obliged not only to support public schools, but to attend some school during

several years of their lives. What our cities would be like without these benefits is hard to say, but we all ought to be very thankful for the community that takes an interest in all its people sufficiently to compel them to have things for their own good.

Add other examples of community desires to those given above. Why do people in communities want these things which as individuals they would not undertake to acquire?



HIGH SCHOOL AND STADIUM, TACOMA, WASHINGTON.

People need schools and recreation grounds like these only when they are gathered together into communities.

15. Desires — Good and Bad. — But what can we apply to enable us to decide whether a desire is good or bad? A person's desire is not good if the gratification of it harms any one. If a boy's greatest desire is an automobile and his family is rich enough to get him one, his wish may be good. But if the boy's parents are poor and if by getting the "machine" the entire family must sacrifice, his desire is not good. And if he has not sense enough to run it carefully, his desire is bad from any viewpoint.

Desires should not be judged wholly by the individual, but by their effect on others. Every day we see conflict between personal and community wants. Sometimes ignorance is the cause and sometimes selfishness. When a child gets the measles, scarlet fever, or some other contagious disease, immediately his home is quarantined. Now this is not at all pleasing to the family, yet for the sake of the other people in the community, they must obey the law. It is not for them to suit their own personal tastes in the matter. Their desires for personal freedom must be restricted in the interest of the whole community. Then in their turn they will be protected when a neighbor has a contagious disease.

Just as all personal desires are not good or bad in themselves, so with a community's. They may not always be good. An open saloon might be wanted by the majority of people in a community. Yet who would say this desire is good? Just as an individual must subordinate his desires for the good of others, so a community or even a state must for the good of the nation disregard its own preferences.

One would usually say that the establishment of a church would be a benefit to a community. But if a country village already has two or three churches, the cause of righteousness in that neighborhood might be harmed rather than helped by establishing another small church there and dividing the good people into still smaller groups.

Mention some individual wants that usually are positively bad; some that might be good or bad depending on circumstances. Are there any individual wants which a person can gratify without having some effect on the community?

16. Desires — Once and Now. — During the last hundred years a complete change in the standard of living among all people has taken place. People's desires have become more numerous. They demand more conveniences and better and more expensive things. They are no longer content to get these things gradually, but they desire them at once.

When Abraham Lincoln was a boy he lived in a small log cabin, wore simple clothing, and managed to keep warm by an open log fireplace. When he went to a neighboring town, it was either on foot or on some old horse he was fortunate enough to borrow or hire. Electric lights, steam heat, "autos," street cars, the telephone, and many other conveniences, which we think necessary, had not even been heard of during Lincoln's lifetime.

What then has happened since that time? A wonderful development of man's inventive genius has taken place. With the many new discoveries that have been made, new wants have been created. The old saying, "the more we have, the more we want," is literally true.

When it was found that one could actually talk to a friend though he was many miles distant, people naturally began to desire a telephone.

When people began to want telephones, there were more and more demands for the materials used in constructing a telephone system. These new demands produced still further activities and still more wants. And so it has happened in innumerable instances. The entire world has made a great advance industrially and socially. We can never again content ourselves with the few and simple desires of our forefathers.



Underwood and Underwood.

THE BOY LINCOLN AT HOME.

This is not from a photograph, of course, but no doubt Lincoln's real boyhood home looked like this. What conveniences or necessities does your home have which did not exist here?

Does education increase or decrease a person's wants? What do we mean by *civilization*? Do civilized people have more or fewer wants than uncivilized? Are people happier to-day than they were a hundred years ago?

17. Why We Want Things. — But why do we want things? What makes us on that account willing to indulge in so many kinds of activity? The motives are numerous and vary with different people.

There is, however, one fundamental motive which applies to all — the desire to *preserve life*. To do this man must have food, shelter, and clothing. These three needs must be gratified.

But hardly any one is contented with having the bare necessities of life. A small, unattractive house may satisfy our desire for shelter, just as simple food and plain clothing are really sufficient. However, most of us desire some *comforts and luxuries*. We try to make our homes as attractive as possible, we buy clothes for adornment as well as for protection, and we serve dainties at our tables.

Then there are individuals who have a longing for *power and prominence*. Wealth seldom fails to bring with it a certain distinction. The rich man finds a place in politics, he is demanded in industry, he is considered a pillar of his church, and he is popular with his friends. We speak the "big" man's name with a little thrill of awe and some of us are willing almost to worship him, not because of the man himself, but because of his great wealth and the power that he may exercise. This, to be sure, is deplorable, but it is often true. And so some men, in order to enjoy this adoration and prominence and to keep them after they are once attained, are willing to work hard to earn the wealth which, they expect, will bring and hold this distinction.

Then we have some people who want things merely because they are necessary to enable them to engage in work for the very *love of the work*. The artist will paint tirelessly all day so that he may portray on the canvas a vision which

he alone has seen. The musician, too, loves his instrument and delights in the sweet music he can draw from it. The teacher may work for pay that some people would despise, because of the joy that comes from seeing young people grow into useful men and women with his help. In fact men in all walks of life may have this love for their work, which leads them to desire the things that are necessary to make it possible.

Then there are the people who have a desire to render *service to others*. Their motive is entirely unselfish. Our missionaries in foreign lands and at home, our social service workers, our preachers, many a doctor or a teacher — in fact, all those who are helping to lift this world to a better and nobler life, belong in this last and perhaps highest class of workers. They also need and want many things, not for the sake of having them, but that they may use them for the good of their fellow-men.

Is it right that wealth should receive so much power and prominence? Are people who engage in work because of their love for it selfish in their nature? Can we serve others in any work? How? Mention occupations not given in the text which illustrate the various motives. Mention people with whom more than one of these motives might be strong.

18. What Makes Things Valuable. — Whatever may be our reasons for wanting them, the things we want possess value in some form. But what is value? Perhaps the simplest definition of this term is that *value* is the worth of a thing to the possessor.

There are two kinds of value: value in *use* and value in *exchange*. When we say that an article has value in *use* we mean that it is valuable to gratify the personal wants of its possessor. When we say it has value in *exchange* we mean that it is valuable for what the possessor can get in exchange for it.

Some things are useful in themselves, but certainly could not be exchanged under ordinary circumstances for anything else. Among these are a^d

However, a very large majority of the things we use are useful not only in themselves, but also for exchange. A farmer raises apples not just for the purpose of eating them, but mainly for what he can get in exchange for them at the market. And so it is with the manufacturer. He produces many articles not very useful to him in themselves, but since other people find them useful, he wants what the public will give in exchange for them.

Mention five things, other than those in the text, which are very useful in themselves, but which you could not trade. Mention five things which are very useful and which you could trade.

But there are also some things valuable only in trade and of no real use in themselves. Money, stocks, bonds, checks, and tickets belong in this class. We all know that money itself is of no use to us. It is what we can get in exchange for it that makes us so anxious to have it. And so with car tickets. They are useless in our pocket books, but on the cars we can get a ride in exchange for one.

A term always closely connected with exchange value is price. By *price* we mean the exchange value of anything expressed in terms of money. We compare other things with a dollar and really measure them by the dollar. A coat that is priced at \$50 is reckoned as being worth fifty times as much as, for example, a certain necktie. In other words it has an exchange value of that amount. If we desire the coat, in order to obtain it we must pay \$50 to the merchant. The \$50 measures the value of the coat as compared with other things. The merchant does not want the \$50, except for the fact that he can exchange it for more goods on which he can make a profit, or for something which he can personally use.

But all persons do not place the same value on the same article. An artist might prize his paints very much, while the factory worker would consider them worthless. And so in order that we may gain what we want and relieve ourselves of what we desire less, exchange takes place.

Some people have the wrong impression that the seller is the one who receives all the profit. When a man pays \$5 for a hat he may think he is paying too much. But to him a covering for his head is of more importance than even the \$5. At the same time the merchant has received what he desired. The \$5 is of far more value to him than the hat was, for without doubt he has many more hats in stock. And so exchange goes on, with each person thinking that he is getting what is of more value to him.

What does "\$5 value" mean, as it is often used in advertisements? Under what conditions might you regret the purchase of the \$5 hat mentioned above?

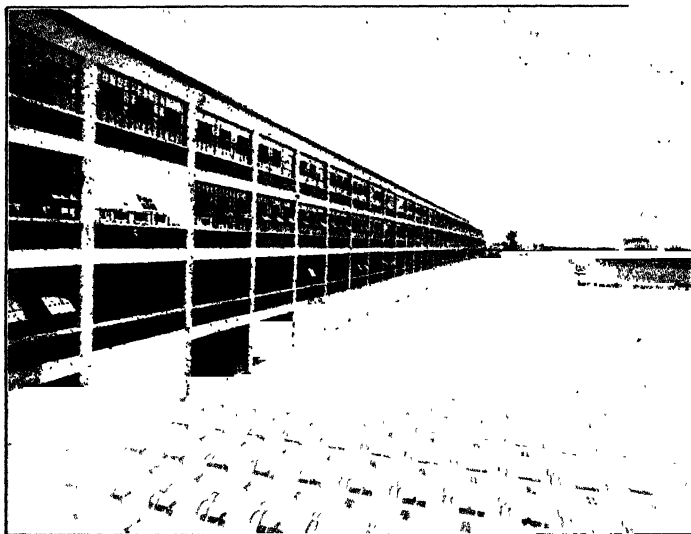
19. Getting the Things We Want. — In discussing how people come into the possession of things we often use the word "wealth." Perhaps it would be well to understand what is meant by that term. *Wealth* is the sum total of the material possessions of a person or of a community. By "material possessions" we mean those things which can be estimated by a value in money.

Wealth, then, may be of two kinds, private property and public property. We shall not pay very much attention to public property in our study, because the conditions and laws affecting it are considerably different from those which concern our private possessions. All the possessions of the community as a whole to be used by the public, such as our parks, schools, and the other institutions which all may use, are considered as *public property*.

Private property consists of the possessions of an individual or family or company for their own use. All that we ourselves possess, our books, pets, and clothes, are our own private property. Houses, office buildings, and the like are usually some one's private property, though they do not always belong to the persons who actually use them most.

Are these things wealth: baseballs, a county jail, Brooklyn Bridge, pigweeds, strawberries, the White House, a robin, a watch, a hammer? Which would you call public property and which

private property? Mention five possessions which are desirable, but which could not be classified as wealth under the definition given above. Make a list of ten things which are your own private property. Make a list of ten things which you use which are public property. Should you treat public property any less carefully than you would treat your own property?



PART OF ONE DAY'S WORK.

About 1000 chassis for Ford cars appear in this picture. The amount of raw material used in such a big plant is startling. 325,000 tons of steel, 4,000,000 square feet of plate glass, and 98,000,000 square feet of rubber cloth are among the items called for in making Fords in one year. Why does this great industry exist—for Mr. Ford's benefit, or the people's, or for some other reasons?

Is it better for us that our desires to have private property should be many or few? Some say that with a few there is a better chance of having them fulfilled—that we can direct all our efforts toward satisfying them and then search for more, since all our desires can never be satisfied. Others say that it is best to have many desires—that with-

out many, the world would not have progressed and man would still be in a primitive state.

Every one has to admit, though, that it is well both for an individual and for a community to have a great variety of interests. Not all our active desires need be developed at the same time, but the very fact that we have them makes us ambitious. Ambitious people are progressive people.

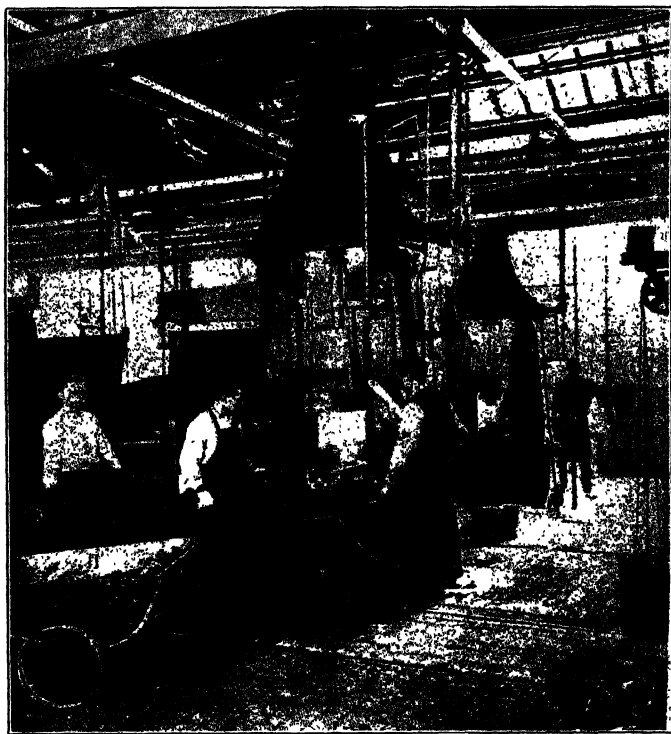
The history of nations shows that agricultural people have usually been the least progressive. This has been due largely to the monotony of their life. Their interests off the farm have been few and naturally they have been very slow to advance. Many American farmers are exceptions to this rule, for they are as enterprising people as can be found anywhere and always keep in touch with what is going on all over the world.

Here is another question of importance. Does it make any difference what work we do? Should we do what we like, or should we work at something in which we have no natural talent or interest, just because it offers a little more money or happens to be the handiest job to get?

A man who is engaged in the work he likes best is likely to make a better success of it and approach perfection sooner than would otherwise be possible. Nothing in this life is more deplorable than the misfits. Suppose a boy studies to become a minister because his mother desires him to do so, while all the time he longs to be an architect. Consequently the ministry gains little, while architecture is deprived of one who might have done much service in that field. And so not only the individual himself is harmed, but society as a whole is affected.

The same thing holds good for communities. If the people of Pittsburgh had not long ago taken advantage of their great industrial facilities for making steel, think what the world would lack to-day. This great principle is known as the *law of least social cost*. We may express it in this way:

both individuals and communities get more done and do their work better if they are engaged in that work for which they are best suited.



Courtesy of Ford Motor Co.

A STEAM HAMMER AT WORK.

The men in the picture are restriking or straightening crank shafts. The noise in such places is usually terrific, and the heat is very unpleasant until one gets used to it. Do these men deserve high wages? Do they need recreation? Of what kind?

But the fact that doing the things we like leads to greater accomplishment does not mean that we should never do anything which we dislike. Every one meets some un-

pleasant things which he must do. By doing them his character is strengthened and the next difficulties which he encounters are not so hard to overcome. So then, while each one of us may plan to do the thing he likes, let him not expect even this to be accomplished without effort and trouble. Let him not shirk a task or neglect a duty just because there is something hard or unpleasant in it.

Formerly people made the mistake of thinking that work all the time was absolutely desirable. No time was planned for rest or recreation. A worker's duty began with sunrise and closed when the sun set. At first this seemed a great advantage to the employer. But now the mistake is clear. Tired men soon lose their enthusiasm, their work becomes inefficient, and they grow worn and exhausted.

To-day we all know that a variety of interests leads to better work. Eight hours is now the average working day for most people. This leaves considerable time to the workman for his own personal use. While we do not believe that he should spend this time in loafing, we do feel that both the individual and the community will benefit by using this extra time for the right kind of rest and recreation. Whether the worker gets simply a change of work like gardening or has a reasonable amount of real play, such as taking part in his children's ball game, or sometimes just takes a complete rest or reads a good book, he comes back to his regular task feeling refreshed and goes at it with new energy.

Is there anything which you dislike to do and yet do every day? Does it hurt you to do it? Make a list of five or more profitable forms of recreation.

20. Property That Is Our Own. — We need not deny that contentment is desirable. Without it the world would indeed be a very unpleasant place to live in. There are many factors which help to make one contented.

Perhaps the first thing we think of is having the things we really need. When the poor, who can not even satisfy their needs, to say nothing of obtaining any of the luxuries

of life, see the rich man ride by in his great machine, driven by a well-paid chauffeur, and obtained perhaps partly through their labor, they may become discouraged and think, "What's the use?"

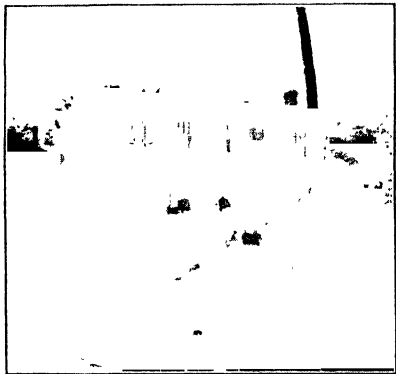
But this is not all; to get some of these luxuries they may be tempted to commit crime. Or they may be ready to listen gladly to the schemes of those who wish to overthrow the present organization of society or government. When a large number of people are deprived of the needs of this life, there is indeed a great and fertile field to receive the seeds of wild and radical ideas. People in such a state of mind think they could not be any worse off, no matter what might happen. All society and government is consequently endangered.

The experience of all civilized people shows that it is beneficial for individuals to be able to acquire private property which shall be their very own. If a man knows that some day he may own his own home, he will work hard to gain it; and when it is his, he will try to make it a more attractive place to live in.

The ownership of private property is also a force for order. If a person owns his own home and has spent his money improving it, naturally he wants it to be protected by law. He demands good sound government and becomes an advocate of law and order. Besides, he acquires more respect for the property of others and actually takes an interest in his neighbor, who is working for the same things that he is. Abraham Lincoln said to the Workman's Association in 1864, "Property is the fruit of labor; property is desirable; is a positive good in the world. . . . Let not him who is houseless pull down the house of another, but let him work diligently and build one for himself, thus by example assuring that his own shall be safe from violence when built." Surely, if the ownership of private property can do so much good for an individual, it must be beneficial to his community and to the entire nation.

Can you imagine a community where all property is owned in common? Many people have tried it, but with very little success. It was tried long ago in the Virginia colony and in the Plymouth colony. Some of the men willingly did their part, but others became lazy when they knew that whether they worked or not they would receive the same. Such arrangements could not last long. Even high-minded men like Emerson were interested in such experiments, and even they were unsuccessful. So, while we have to admit that having everything in common might be an ideal state of affairs if everybody were good and wise and unselfish, still we must all realize how utterly impracticable such a plan would be, just now at least.

Can you mention any other instances where communism was tried? Can you think of any particular difficulties that might arise in such a community? What types of people do you think would favor communism?



A RENTED HOME.

There is a "For Sale" sign attached to the front porch. Do you suppose the man who lives here would be more interested in the appearance of his place if he owned it?

21. Liberty. — Just as there are certain conditions that must be maintained in order to enable us to obtain the things we must have, so there are certain other conditions necessary in order to make us happy. Once security seemed to be the "one thing needful." But gradually, as security began to be assured, people realized that security was not all, but that liberty was also an essential. Security is no less important now than it ever was; but we have taken it as a matter of course and have ceased to think so much about

it. We are not satisfied simply to have other people look out for us; we want to be free to do things for ourselves.

Liberty, as we understand it to-day, is the freedom of an individual to do as he pleases so long as he does not infringe on the rights of others. We, who live in a free country, can not understand fully how much our liberty means to us. We simply take it for granted that things should be so.

But there are many people who have not yet experienced the benefits of liberty. Most of the Russians were for centuries hardly more than slaves, and now when they are seeking freedom they have little idea of the meaning of real liberty. The change in their country has been too abrupt. Wherever liberty does not exist, the people can hardly fail to be unprogressive, and they are often discontented. They neither care nor dare to undertake anything new for themselves. Their government must give them permission to do even some of the simplest things, and the officials are likely to be greedy, selfish, and dishonest men. We can not have real contentment without liberty.

What does liberty mean to you? Could *you* be contented without liberty?

In Germany before the Great War the government was very strict in the rules which it required the people to observe in business and in their personal conduct. Yet Germany made much progress. Does this fact conflict with the statements made above?

22. The Chance to Get Ahead. — Every man, rich or poor, in order to be really contented must have a chance to get ahead in this world. But let us make no mistake about this. Getting ahead does not mean only shorter hours and more pay. It means not only financial progress, but a chance for intellectual advancement and the development of whatever ability one possesses.

But can an increase in salary alone help the worker? It is a well-known fact that the more money some people receive, the more they think they must spend. When the steelworker begins to buy silk shirts for fifteen dollars and

shoes for as much or more, regardless of his need, he achieves no real happiness or contentment. He merely spends more money in a foolish imitation of his employer or some other rich man.

A chance to get ahead means simply the opportunity for a man to show his real ability in his chosen work, and thus make progress intellectually and socially as well as financially. If he is fit to hold a position in which he can think for himself or command others, he ought to have a chance to show his fitness, instead of being forced always to take orders from some one else. When a man has such an opportunity to prove what he really can do, he strives harder and in the end he is more happy and contented.

What keeps some men from getting ahead? Do we all have an equal chance in this country? What should people consider besides hours of work and wages? In what sense are "all men created equal"?

If we can come nearer the state of affairs where every person, young or old, lives under conditions which either make him contented or give him the chance to become contented, the better and happier will our country be. We must not expect to get all these blessings in full measure at once, for it takes time and work to undo wrongs which have existed for many years. But if every person seeks as far as he can to secure these benefits for every one, he will be able to enjoy them himself much sooner and more completely.

QUESTIONS

How extensive are our wants? What limits them? Compare our wants one hundred years ago with our wants to-day. Explain why there is such a difference.

Distinguish between individual and community wants. How will you test whether a want is good or bad? Give examples of different classes of wants. Explain the kinds of motives which cause people to wish to possess things.

What is the meaning of *value*? Explain the two kinds of value. What is the only sure way of getting the things we want? What

is the matter with the other ways which people sometimes depend on?

What is the importance of variety in our wants? Explain the law of *least social cost*. Why are rest and recreation desirable?

What benefits are derived from being able to acquire property of your own? What is communism? How well has it succeeded? Why?

Is there any conflict between security and liberty? How far should liberty extend? What usually happens when ignorant people who have been downtrodden suddenly become free? Show how the chance of advancement helps people in their work. Is it going to be easy to bring about desirable conditions for every one?

SPECIAL TOPICS

What I Would Do if I Had a Million Dollars.

The Things I Like Best to Do and Why.

What if George Washington Came Back to This Country?

What Benjamin Franklin Would Think of Us Now.

Some Needs of Our Community.

How to Spend a Vacation.

My Ideal of a Happy City.

A Day in Early Plymouth.

Brook Farm.

Experiments in "Communities."

How I Want to Feel toward My Employer.

What I Want My Employer to Think of Me.

CHAPTER III

WHAT GOVERNMENT DOES FOR US

Government is, or ought to be, instituted for the common benefit, protection, and security of the people, nation, or community.

— Virginia Bill of Rights, 1776.

23. Why We Must Have Government. — One of the many things that we take for granted is that somebody will protect us and maintain law, order, and happiness among us. But who is to do this?

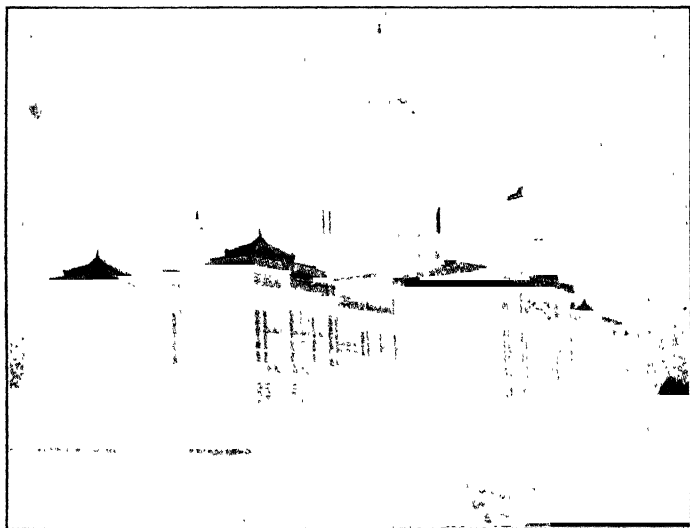
There was a time when every stranger was considered an enemy, and every one whom a person did not know was looked upon with suspicion. And very often it was necessary to treat him so, for the people of early days had little or no respect for any who were not strong enough to look out for themselves.¹ So each individual protected himself and his family as best he could. He cared nothing for what might happen to his neighbor as long as he was safe himself.

But men discovered that "in union there is strength." They associated themselves under leaders who possessed power and ability, and some form of government was established which protected its people. At first, indeed, this was about the only thing which it tried to do.

From these simple beginnings have grown the great organized governments of to-day. Our own national government protects us from foreign enemies with her army and

¹ It is said that even our custom of shaking hands is the survival of an old practice of grasping the hand of a stranger so that he could not wield his sword.

navy. Nations, too, have come together in a League of Nations to make peace more certain, believing that thus they can deal better with any disturber and make the work of protection easier for all. Our local governments have furnished police forces to protect us from fraud and violence, and fire departments to keep us from harm in case of fire. Our national, state, and local governments alike look out



TEXAS STATE CAPITOL AT AUSTIN.

The capitol is the center of the organized government in each state.
Where is the capitol of your state located?

for our health and try to guard us carefully from all kinds of diseases. Without their services not a single one of the conditions necessary for life and happiness could we be sure of enjoying for a single day.

In return for this protection we are forced to do our part, by giving either our money or our services. Surely we can do this always willingly, remembering all that our government has done for us.

Why is protection essential to you? Why is organized government necessary for this purpose? How can you take your part in protecting this country? Is protection in peace as necessary as in times of war?

24. Government in the Early Family. — The family in early times meant a good deal more than it does to-day, though now as then it is the foundation of all society. The ancient family consisted of all the single children, the married sons and their families, the adopted children, and all the slaves and servants. At the head of all these, with supreme power, was the father. It was his right to put any one of them to death or to sell them into slavery. He determined whom his children should marry and what kind of life they should lead.

In return for this absolute submission to his will the father was a kind of supreme judge, lawgiver, and protector. Since in the earliest times physical strength alone counted, absolute rule was the only method possible. Unless strict obedience was assured, no one would assume the responsibility of giving protection. This family system was the pattern for the absolute government of the early states and nations.

Is there too little government in the modern family? Is it desirable or wise that the power of the father in the family should have so far diminished?

25. How Social Organizations Grew. — We have seen that the *family*, with the father as ruler, was the first social organization. Gradually, for protection and other reasons, some families of the same religion and same interests would expand or unite into a group called a *clan*. The most powerful man became its leader, and he was accorded much of the recognition given to the father in the family.

Then clans might unite or expand and become a *tribe*. Still physical strength or prowess continued to determine who should be supreme. The principal service of the tribe was to secure efficiency in making war. The chief of the tribe was both leader in war and a kind of president in time

of peace. Frequently the office was passed down in line by inheritance.

Tribes often combined into a *city state*, either by conquest of other tribes or by union with them. The city became the center of all activity. Work of all kinds was carried on and the people became more progressive and enterprising.

Finally by conquest, trade, colonization, and annexation city states grew into great *nations*. Athens, Carthage, Rome, and many others illustrate this fact among ancient peoples.

Since we know most about the history of the people of Europe and western Asia, it is from those parts of the world that we get most of our illustrations of the growth of the simple social organizations into city states and nations. Yet the process is not unknown in America, for in the history of the Iroquois Indians a similar story is told. If it had not been for the coming of the white man, they might have united into a real Indian nation.

26. Changes in Forms of Government. — The first form of government that the world knew was an *absolute monarchy*. The king's power, like that of the father in the family, was supreme. He had the power of life and death over his subjects and in all things his word was law.

But gradually the people began to desire some liberties of their own. Consequently they began to limit the king's power. The leading men of the state either invited themselves or were invited by the king to act as a council to advise him. Among some peoples, too, a popular assembly composed of the free men was held to express the will of the people on certain matters of importance.

If the king chanced to be a weakling or for some other reason was unfit for ruling, the council generally took things into their own hands and ruled just as they pleased. Thus an *oligarchy* or *aristocracy* was formed, where a small number of nobles were the ruling force. But sometimes the king had a mind of his own and was perfectly capable of ruling

alone. If such was the case, the king's council became merely an advisory body, whose opinions as a rule the king respected. Then the government was a *limited monarchy*, the extent of limitation depending on the character of king and nobles alike.

But the tendency to take power from the king became stronger and stronger. In many countries violent changes took place. As the result of hundreds of years' development, the king's power was much diminished in some countries, while in others monarchy was completely destroyed. Great Britain is an example of a country where the form of government has not changed, but where the power of the king has been reduced to almost nothing. The representatives of the people entirely control the government.

To-day more than half of the countries of the world have become democracies or republics, where the will of the people is supposed to be the will of the government, and where there are no officers who inherit their places. In a *republic* the people direct the affairs of the nation by electing representatives to attend to this work. In a pure *democracy* the government is administered directly by the people. You can see that in a large country a pure democracy would be impossible, but the spirit of democracy can prevail in any free government which, in the words of Lincoln, is "of the people, by the people, and for the people."

Would an absolute monarchy governed by a wise and good man have any advantages over a republic composed of half-educated people without experience in self-government? What has been the matter with Mexico in recent years? Is the same kind of government suitable for all countries? How will you decide what kind of government is needed in any particular place?

27. Getting Government into the Hands of the People. — We have seen that at first absolute monarchies were the only forms of government, but that it was discovered that these were not very desirable, especially if the leader happened to be a tyrant. And so by various steps, not exactly the

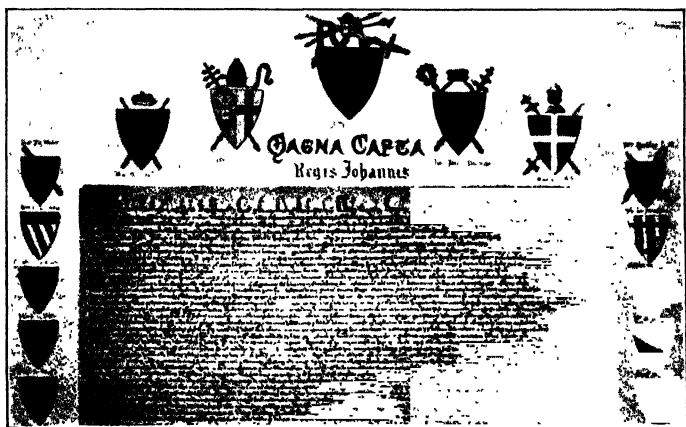
same in every place, popular government was early introduced into Greece and Rome. But "the people" in those days meant something very different from our conception of the term to-day. Often over half the population were slaves, so that the number of men with actual voice in the government was very small indeed.

It is not so much from Greece and Rome, however, that the popular governments of to-day are derived. The greatest examples in the world of popular governments have been among the people of the English-speaking race. Long ago when the Saxons first came to England they brought with them a strong devotion to self-government. They established their institutions and customs in Britain and made their language the basis of our English speech.

Then the Norman Conquest took place (1066). Under the iron rule of William the Conqueror England was forced to undergo many severe changes. The kings became powerful rulers. The peasants resented the increasing power of the king, but they accomplished nothing except to show that the old spirit of freedom had not been completely crushed. Some of the kings wanted to treat the people fairly, but they all *bestowed* benefits *upon* the people instead of *carrying out the will* of the people.

The barons, too, who were the chief landholders and possessed most of the privileges, were uneasy and finally could stand it no longer. When King John showed himself unusually tyrannical they forced him to sign Magna Charta (the Great Charter), which took certain powers from the king and gave the barons more voice in the government (1215). Even to-day the granting of Magna Charta is looked upon as the foundation of English liberty, although only one class was directly benefited by it. Parliaments later came into being, which were composed of men representing the different classes and chief communities in the country. It became definitely understood that the kings could levy no taxes unless Parliament gave its consent.

In the seventeenth century the Stuarts came to the throne and proceeded to proclaim the "divine right of kings." Trouble immediately began, which resulted in the Puritan Revolution, of which Oliver Cromwell was a notable leader, and in the beheading of King Charles I. The Stuarts were soon restored to power for a time, but in the almost bloodless "Revolution" of 1688 another Stuart king lost his throne. The Bill of Rights was then passed (1689). Again the



THE GREAT CHARTER OF KING JOHN.

people had made a great gain in popular government. Guarantees of rights were given which have never been revoked. Some of the words of this Bill of Rights appear even in our own Constitution.

During the last hundred years tremendous progress toward democracy has been made in England. Many reform bills have been passed, extending the vote to more and more of the people, so that to-day, although England still has a king, her people have as much freedom as any people in the world. Tennyson spoke of England as the country "where Freedom broadens slowly down from precedent to precedent."

But when the English people have taken a step ahead they seldom retreat.

Then, too, look at the great advancement made in our own country along these same lines. When Thomas Jefferson wrote that "all men are created equal," he was far from the truth at that time. Even he held his slaves, who had absolutely no voice in public affairs. Besides, the right of free men to vote was usually limited by requirements of property ownership and even religion, so that the number of voters really was very small in comparison to the population.

But during the nineteenth century in the United States as well as in England there was a steady development. First, religious requirements were abolished, and next property-holding requirements. After our Civil War race distinctions were blotted out, and the black man had equal rights with the white man. And now even the sex barrier has broken and women have an equal voice with men in choosing the officers and making the laws of our country. We have at least succeeded in getting the government into the hands of *all* the people who have reached manhood and womanhood.

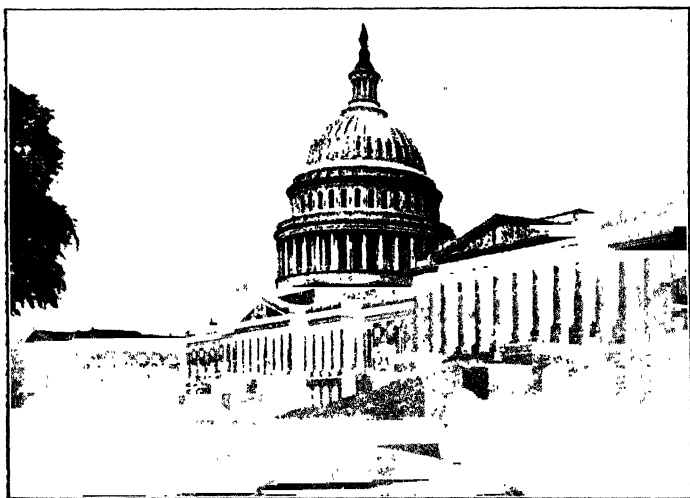
How can you explain the fact that the progress of the United States in democracy was more rapid than Great Britain's? What would Thomas Jefferson think of our democracy to-day?

The great World War was fought, in part, as President Wilson put it, that the world might "be made safe for democracy." It resulted in the complete triumph of the free peoples over those who had been ruled by backward-looking monarchs. These lost their thrones before the great struggle was over, and in the territories over which they ruled republics have been set up. Now if the world fails to make the advancement which it desires, it is the fault of the people themselves. Government almost everywhere is in their hands.

28. The Plan of Our Own Government. — We say that the United States is a *federal republic*. A republic, as we

have learned, is a government for the people through representatives elected by the people. But what do we mean by a *federal* republic? "Federal" means that it is made up of states each having a separate political organization of its own.

Let us see the reason why we have a federal republic. Before the Americans gained their independence they formed thirteen separate colonies, each with its own form of government. They had been settled separately, and much of the



THE CAPITOL AT WASHINGTON.

This is where our national law-makers meet.

time had little to do with one another directly. When the struggle for independence came, the able men of the day realized that if their cause was to prosper they must have unity. In the attempt to establish some form of national government the states proved very hard to deal with. They were determined not to lose their individuality as states, and at first they were unwilling to give enough power to the national government.

After a few years of experimenting with a weak national government, a convention was held in 1787, which made a new and much better Constitution. Under this, our present government began its work in 1789. To-day we have forty-eight states, each with a political organization of its own, but recognizing the national government as having superior power.

Do you think that the colonies were justified in keeping their own governments after they became states? Have separate state governments been of any use to the country?

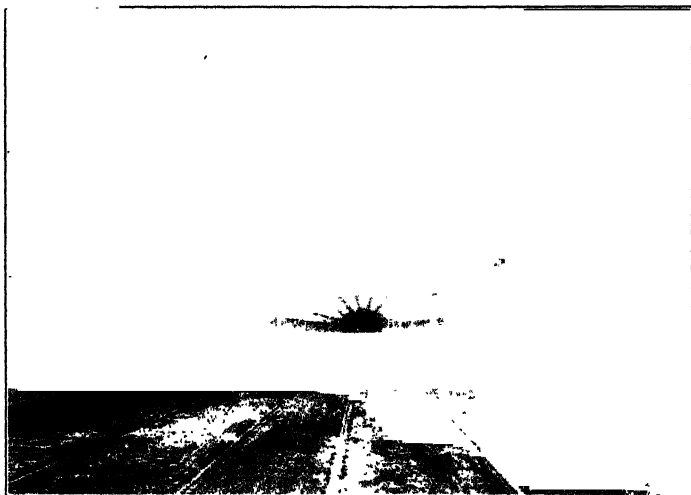
For convenience in carrying on the work of government the states are divided into counties, and the counties in turn are composed of cities, towns or townships, and villages or boroughs. Most of the duties of government that concern our life in our local communities are done through the agency of these divisions of the state. But the federal, or national, government, as well as the state government, gets very close to us sometimes. Whenever the postman brings us a letter, whenever father makes out an income tax return, and when somebody sends word to brother John that he must go to a training camp, we are very sure that there is a government of the United States of America which can reach out to every one of us, either giving service to us or commanding us to serve our country.

29. Services of Governments To-day. — Before going further, let us sum up the services which the governments of to-day perform for their people.

We have seen how the need of protection was the real cause for organized government. Even to-day this need remains and the *protection of the life and property* of its citizens is one of the chief services of government.

But protection can not come without the obedience and coöperation of each individual with his government. For this reason the government *determines the rights and duties of the people*. The government must do this, because individuals would often disagree.

It *makes laws* setting forth our rights and duties, *which all must obey or be punished* for disobeying. To some narrow-minded or ignorant people this may look like an infringement on their personal liberty, but without law and order, the life and property of no individual is safe. And so the very fact that the government, whether local or national, does make laws and forces people to obey them, shows all



HOW SOME PUBLIC MONEY WAS SPENT.

This tunnel meant a great deal in the way of convenience to the people of the community.

the more plainly how willing we ought to be to serve our government, though our service be very little.

Then, too, the government *regulates and carries on many activities*, which can be performed better by the government than by private organizations. It controls the mail service of the country, regulates railroads and some other industries, erects public buildings, keeps the streets and highways in repair, manages the public schools, and performs numerous other services that promote the welfare of the people. Some

people seem to think that by taking over so many activities the government is getting too much control. Certainly no one should object, though, if it performs its duties well and if more benefits are rendered to all the people than by leaving things to be done by private citizens.

What does the government do for you personally? To what extent and how could any of these services be performed if we did not have a government?

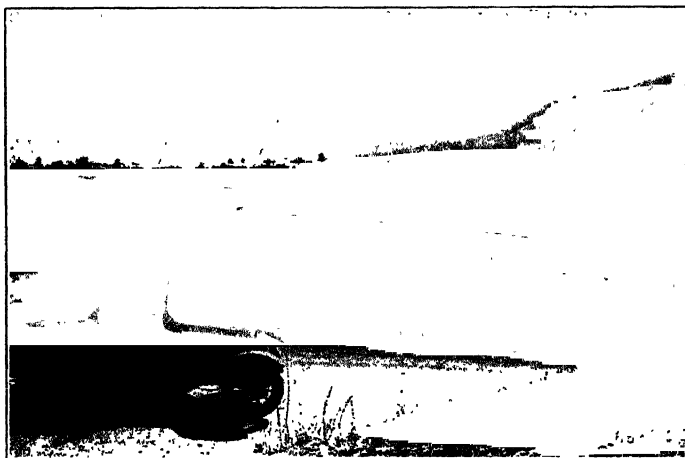
30. Expenses of Government. — So that we may understand further the services of our government, let us consider some of the expenses which the government is forced to incur. To meet these expenses our people are called upon to pay money in the form of taxes.

Our national government has to keep a standing army and navy to protect the people from foreign enemies and sometimes to keep order at home. Every year it gives out a great deal of money in salaries to the national officers and in pensions. It cares for the Indian tribes remaining in our country, aids in the construction of public-works, especially in the improvement of rivers and harbors, and keeps up many agencies such as the Weather Bureau, which are maintained for the general public welfare. Besides, during the recent war the United States government borrowed a great deal of money from the people and in exchange for it issued many bonds. The interest on these bonds amounts to a great sum, which the national government must pay, in addition to the many other regular expenses.

Our state governments also have their expenses. Most states have either a militia or a national guard to protect their people from disorder. State officers must also be paid. But the greatest work of the state is the maintenance of public institutions, the protection of the people's health, and the improvement of internal conditions. In many states hospitals, asylums, and the public schools are aided largely out of the state treasury. Bureaus for food and dairy inspection are included in the state's public health department.

Then there is the vast amount of money spent yearly for the improvement of roads and bridges and the conservation of the state's forests and mineral resources. Truly the state has a great work to do and needs ample funds.

We have also the local government with local officers to be paid. It bears the chief support of the schools, some public hospitals, and other institutions for the use of all. In the way of protecting the people it also incurs a great expense.



Courtesy of U. S. Forest Service.

ROAD BUILDING IN THE COLORADO MOUNTAINS.

Some of the western states have as fine roads as can be found in the country.

A fire department, a police department, and a health department are maintained. Then too the local government must see to the improvement of its streets and highways and to the establishment of parks and playgrounds. All these things take money and for this reason we are taxed. If we count up all the expenses paid by local governments all over the country, we find that very much more is spent by them than by the state governments, and more even than by the national government except in the time of a great war.

Can you think of any other expenses of the national government? of your state government? of your local government? Look up in some reference book how much each of them spent last year. Find out how much debt each has at present, and figure the interest on this for a year at four or five per cent.

QUESTIONS

Why do we need governments to protect us? How was protection obtained in the earliest times?

Describe the early family. Explain the growth of larger social groups. Give examples of these from your knowledge of history.

What was the earliest form of government? Why? How did the power of the monarch become limited? Trace the process of getting government into the hands of the people in England. Show how the United States has become democratic. Explain the forms of government most common in nations to-day.

Outline the general plan of our own government. Why do we have separate states? How are the states subdivided?

Explain the principal services which governments render. What are some of the main items of expense for our national government? our state governments? our local governments?

SPECIAL TOPICS

The Family in the Days of Abraham.

The Family in Ancient Rome.

The Best Form of Government for Us.

What My Government Does for Me.

CHAPTER IV

OUR DUTY TO OUR GOVERNMENT

It is your business to rise up and preserve the union and liberty for yourselves and not for me. — Lincoln.

31. Honoring Our Government. — We have been discussing what our government does for us. It is very natural, then, that we should consider what we ought to do for our government. Surely we owe it something for its many services.

“America first!” is a slogan we often hear. Surely we need not enlarge upon its importance. This should not mean mere boastfulness or selfishness on the part of Americans, but should mean, on the contrary, devotion to the flag and what it represents and willingness to make any sacrifice to keep it from dishonor.

In doing this our citizens must first of all render obedience. The men whom we elect to represent us in the government pass many laws, some of which may not be entirely pleasing to us. But that does not mean that we have the right to disobey them. What kind of country do you think this would be if every one obeyed only those laws which pleased him? We should soon have no government at all; disorder would prevail, and would end in anarchy.

But what can we do if a law seems unjust and unwise to us? We all have the privilege of trying to make others see the harmfulness, if there is any, of the law and of trying to have it changed as soon as possible. But let us remember that as long as the law is in force it is our duty to obey it, no matter how unpleasant it may be.

Then there is the matter of loyalty — loyalty to the men in office and to the principles of our government. No one is more despicable than the man or woman who is continually “knocking” our public officers and finding fault with everything they do. Criticism in its place is good, but what we want is constructive criticism that brings about good, not destructive criticism, which is only faultfinding. The man



SCHOOL CHILDREN SALUTING THE FLAG.

Not only has the United States the most beautiful flag in the world, but the stars and stripes have a greater historical significance than the emblem of any other nation. We cannot begin too early to learn loyalty to our flag.

who points out the errors of a plan and shows how they can be remedied is serving his government in the right way. It is only the ignorant or evil-intentioned man who criticizes but has no better plan to offer.

We all know that in time of war freedom of speech is greatly limited, since no country could afford to have people criticizing its actions continually. But what about free speech in time of peace? To what extent should the government have the right to regulate or limit the expression of its

people's ideas? For the government to forbid the people to criticize any actions of those in authority or to express their own opinions on the questions of the day, would easily open the way for an abuse of power on the part of corrupt and ambitious politicians if they happened to get in office.

In many cases, an individual's own decency and fair-mindedness alone must decide what is proper. We must develop a good feeling toward public officers and encourage others to do the same. Of course, if bad men get into power, we should never be afraid to show the public their misdeeds and overthrow their power if possible; but we should have sound reasons for whatever we say about them and if it is necessary to overthrow them we should do so in the way which our Constitution provides. Because officeholders belong to another party or a different church is no reason for believing every evil story that some one circulates about them. Let us put the Golden Rule into practice in the affairs of our government and treat our officials with the same respect that we should desire if we were in their places.

How may you get a law changed which you personally do not like? Should your interests alone be considered? What does "loyalty" mean to you? Can you think of any way in which free speech should be limited in time of peace? What do you think about persons who are continually circulating rumors about the President and other public officers? How can we stop such actions? If you honestly believe that an official is doing wrong, what can you do to correct the situation?

32. Social Service. — Besides giving his loyal support to the government, every good citizen should engage willingly in *social service*. By social service we mean activities of any kind that help to improve the conditions of the people. Sometimes we use the term to signify helping the poor to live better, improving home conditions in the slums, trying to get bad men and women to live good lives, and the like.

Praiseworthy indeed is this kind of work, but it is not the only kind of social service.

During the Great War many special varieties of social service were carried on. The Red Cross with its care for the sick and wounded both in this country and in Europe, and with its many workers everywhere engaged in making bandages and other surgical equipment, did its part in relieving the physical needs of the men. The Y. M. C. A., Y. M. H. A., Salvation Army, and Knights of Columbus, with their "huts" not far from even the front line trenches, gave recreation and spiritual aid to the soldiers.

Then there was the sale of Liberty Bonds and Thrift Stamps which gave to our government the financial aid which it so badly needed.

The Four Minute Men who gave their time in speaking in behalf of the government did a valuable piece of social service, and even we in the schools, by aiding in the sale of bonds and Thrift Stamps and by supporting the Red Cross, did our part in the great service then called for.

To solve the great problems before us to-day we must revive some of our wartime enthusiasm. Our people still have great tasks on hand and we must take a lively interest in everything that concerns the whole community and nation.

Mention some other activities which you could call social service. Can there be social service in politics? What did you personally do to aid the country during the war? What are you doing now? How can we keep our wartime patriotism?

33. Voting. — Since our government is a republic, the people are supposed to have a voice in electing officers to represent them and in making the laws. Accordingly the privilege of voting has been granted to many of them. We will go further and assert that it is the positive duty of every good citizen to come out on election days and vote for what he thinks is right.

Too often we hear good men say that politics is only a means of graft and that they refuse to get into the dirty

mess. Others say that they do not want the responsibility of the ballot, and prefer to let others run the government. That is just where the trouble lies.

Good men, who would be for the right side, do not come out to do their share in electing the good candidates. They content themselves with sitting at home, finding fault with the way the government is run and condemning the filth of politics to-day, while all the time they are to blame for the existing conditions. Only when men come out and conscientiously support the candidates whom they think best, are they performing their real duty to the government.

In order to keep out some of those who are unfit to enjoy the right of voting, the states demand certain qualifications, such as citizenship in the

United States, residence for a certain length of time in a state, and perhaps the payment of some tax. In some states the voter is required to pass an intelligence test, such as being able to read and write or to understand a part of the constitution. In some cases this serves a purpose which all would recognize as good, while in others its main object is to keep certain classes, such as the southern negroes, from taking a part in the government.



PRESIDENT WILSON VOTING.

When the busy President of the United States travels hundreds of miles to vote in his home town, has any citizen an excuse for not voting, especially when his vote counts as much as the President's?

Until after the Civil War the national government did not undertake to control the right to vote at all, leaving it wholly for the states to regulate. Then our national constitution was amended so as to forbid the states to deny the ballot to any one because of his color. For a long time, too, the states gave the right to vote only to men. But just now the Constitution has been amended again so that the states must permit the women to vote.

Let us all, boys and girls alike, when we are given the privilege of voting, exercise it wisely and with the best judgment that is in us. We may decide what the policy of our government shall be. It rests with us as individuals.

Why is voting a duty? Some people call it a right. Is their statement strictly correct? Why should voters be limited? Why insist on the age requirement of twenty-one years? How can we benefit our government by voting?

34. Taxpaying. — We have studied how much the government does for us, and have noticed, in passing, the expense of these services to the government. To meet these expenses the government levies *taxes*, which really are the same as taking a part of one's private property for public use. People often object strenuously to such methods. They do not seem to realize that a government, as well as a family, can not exist without funds. They say, "Get the money some other way." But as yet no other way has been found so sure or so simple. The government needs the money in its work and since we are the ones who receive the real benefits from it, we must do our part toward bearing the burden of expense.

But on what principle should these taxes be levied? Certainly a person's *ability to pay* should be the first thing considered. The rich man with his millions would scarcely miss the sum required for taxes, while even a small tax might be a burden on the poor man.

The *benefits received* by the individual from the government may also be sometimes considered. The wealthy landowner has more property to be protected than the man

with his little house and lot, and accordingly should pay more for that protection. But this principle can not absolutely be depended upon, since a poor family may receive many benefits from the government and yet have no property to be taxed. Such a plan could not meet the needs of the state and therefore would not be advisable as a general policy.

There are certain other features which every taxpayer has the right to demand. The money received should be *used for the benefit of the public* as a whole, not for a small favored group. *All the people should know the reasons* for levying the tax, the *amount* of assessment, and the *time* when the tax is due. If the taxes levied possess such qualities, it is indeed our duty to pay them.

Do you think of any other qualities of a good tax? Should everybody pay taxes? Does everybody pay them? When have we a right to object to a tax?

35. The Need of Intelligent Interest. — Our government is much like a stock company in which each one of us has a share. You know how interested a man is in the success of an oil company or a bakery or anything else if he happens to have invested his money in it. He reads the market page of the newspapers every day to see how the business is prospering. Success or failure of the venture vitally affects him. The same interest which he possesses, we should have in our government, for have we not a part in it?

The ignorant citizen is of no use to his community or to the government as a whole, as long as he is permitted to remain in that state of ignorance. He is a menace to society, for he does not even know his duties to his country or to himself. The problems of government are too deep for him to understand, and as a result he is easily influenced by incapable men seeking office or by radical leaders trying to overthrow the government.

On the other hand, the intelligent citizen knows his duties and does them. He understands thoroughly the problems of the government and knows who is best fitted to meet such

difficulties. When some unworthy politician comes seeking his vote, he is not easily deceived, but remains true to his principles. Citizens of this type are a blessing not only to their own local communities but to their entire country.

But there are many intelligent men who are not serving their government as they should. They may do nothing to



Courtesy of Reclamation Service.

WHAT IRRIGATION MAKES POSSIBLE.

An apple orchard in the state of Washington. Some of the finest fruit in the world is grown here. But without water this would be a barren desert. Are these people doing an act of good citizenship in caring for this orchard? Are they under obligations to the government—national, state, or local? If so, for what in each instance?

harm it as an ignorant man might do. But the question is, What are they doing to make it better? It is the duty of each one to take an *active* interest in public affairs. We ought ourselves to keep informed about public questions and to urge people to accept those policies which we believe to be the best. The ignorant citizen should be made intelligent

through the efforts of the good citizen. Only when each citizen individually coöperates with the government and uses his intelligence toward advancing its interests will our country be safe. To do this is not one bit less important than to pay taxes. Moreover, when we have the right kind of men in responsible positions the government will be conducted in the most businesslike way. It will then be possible either to reduce our taxes or to get much more done by means of them than we frequently get now.

Mention some mistakes made by ignorant citizens. What is the effect when a government has ignorant officeholders? What benefits come from a knowledge of public problems? How can we help in promoting an intelligent interest among our people? Does going to school help any? How?

36. Fields That We May Study. — In promoting this intelligent interest which we need, there are many fields in which we may study concerning men in their relations with one another. As a whole these are commonly known as the *social sciences*.

Perhaps the first of these which might occur to us is *history*. This is a record of the relations of men and women with one another in the past. Along with this goes an explanation of these relations and their bearing upon the present time. Our Revolutionary War, the adoption of the Constitution, and the Civil War are all a part of the history of this country. Not only do they deal with the relations of people at the time, but no one can deny their effect upon our country to-day.

By *civics* we mean the study of the relations of a citizen toward his government and the problems with which that government has to deal. It explains the workings of the government, the duties of the citizens, and the services which they receive.

Ethics is the study of the moral principles underlying the relations of people toward one another.

Economics, the last which we will consider here, is the study of the dealings of men with one another which relate to

earning a living. It is upon some features of this subject that we shall spend most of our time during the remainder of this work. We shall try to discover whether there are laws that govern these relations of life, just as there are laws which tell us what we ought to do and ought not to do in grammar, spelling, arithmetic, and conduct. We shall endeavor to find out the principles which, if we follow them, will make our community and our nation a pleasanter and better place to live in.

To the majority of people economics is of surpassing importance, since the matter of earning a living is surely vital to nearly every one. But none of these social sciences should be thought of as wholly separate from the others. In business and government, as well as in everyday life, we need high moral standards. Government is needed to protect business, and business in turn helps to establish government. Each has some bearing on the other that must not be overlooked. In studying some features of the great subject of economics we shall prepare ourselves better to understand the other subjects and shall be better equipped for our duties as citizens.

Show how each of these subjects applies to the study of the schools, railroads, newspapers, or a day laborer's views on things.

QUESTIONS

Mention as many ways as possible in which a citizen can serve his government. How many of these are open to you right now? How far is it a person's duty to obey those who are in authority? to obey the laws? What is *loyalty*? Explain *social service*. Mention as many varieties of it as possible. Is voting a privilege, a right, or a duty? Why? Who may vote in your state?

What is a tax? What are the qualities of a good tax? Discuss each. Why must we pay taxes?

Why is it for the interest of the community that every citizen should be intelligent? What else besides intelligence is needed in good citizenship? What subjects of study deal with the relations of people toward one another? Explain each. What is the importance of economics and how is it related to other subjects?

SPECIAL TOPICS

A Man without a Country.

War Work in the Schools.

How I Can Help My Government.

The Place Where Voting Is Done.

Should Every Qualified Person Be Punished if He Does Not
Vote?

What the Subjects We Study in School Do to Make Us Better
Citizens.

The Taxdodger and What I Think of Him.

CHAPTER V

THE MACHINERY OF GOVERNMENT

Government may be said to be the voice of all the people speaking to each one of us. — O' Brien.

37. Our National Government. — Before we discuss the great economic questions which are so important to us, it may be well for us to be sure that we understand the main facts about the machinery with which we have to work. We shall refer so often to Congress, the President, the courts, states, cities, and the like, that we must know what these are and at least in a general way what they have to do.

All governments have three functions, or kinds of work to do, as we shall explain below — a legislative, an executive, and a judicial. In some governments at least the first two of these are combined, but in our country the three functions are largely kept distinct.

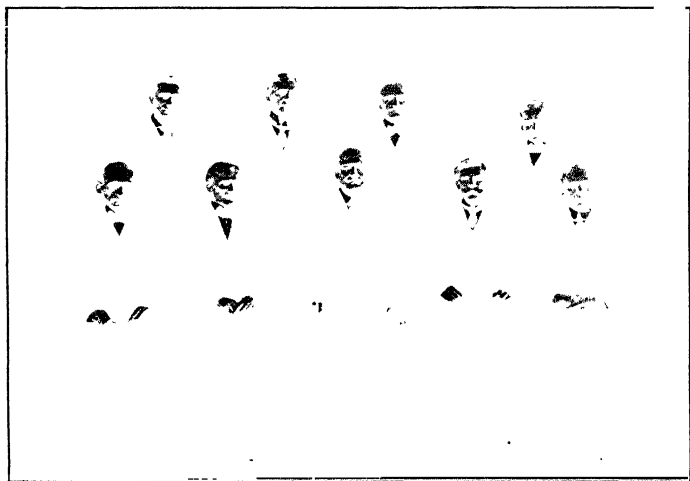
The *legislative* body in our national government is made up of the Senate and the House of Representatives, which together are known as the Congress. The men in these houses are supposed to express the opinions of the majority of the people, and accordingly have the power of *making the laws* of the country.

At the head of the *executive* department is the President of the United States. Under him are the ten members of the Cabinet with their many thousands of subordinates. It is the duty of this department to see that the *laws* of the country are *put into effect*.

The *judicial* department of the United States *interprets the meaning of the laws*, when there is some dispute about

them, and *administers justice* to those accused of disobeying them. At the head of this great department is the Supreme Court with its nine justices. Below it are the Circuit Courts of Appeals and the District Courts.

When our national government was first established, the people feared greatly that unless the powers of these three departments were limited in some way their liberty might be endangered. Consequently they formed a system of



THE SUPREME COURT OF THE UNITED STATES.

checks and balances to prevent any such danger. The President was given the power to veto a bill passed by Congress, while the courts may declare it of no effect if they believe it is contrary to the Constitution. In turn Congress has power to remove from office by *impeachment* proceedings either the President, his subordinates, or any judicial officer.

In fact our forefathers were so anxious to keep the government from becoming tyrannical that they almost prevented it from being businesslike. Checks and balances may be

good and helpful to a certain extent, but if they make it impossible to put enough responsibility on anybody so that we can know who is really to blame when things go wrong, the efficiency of the government can not fail to be harmed.

What do you think of the check and balance system? Do you know of any cases where it has been good for the country? where it has been harmful? Is it better to have the three departments of government distinct or combined in some form? Are you familiar with the names of any people who hold high national offices to-day? Name ten famous presidents.

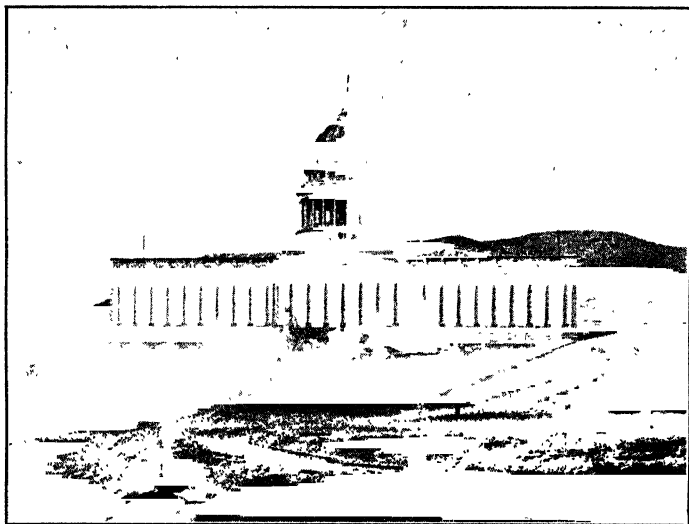
38. Our State Governments. — The general plan of our state governments, though much like that of the national government, was certainly not adopted in imitation of it, as many persons suppose. When the colonists came here from the mother country, each group was provided with its own individual government. When independence came, these governments continued in many cases at first without very much change beyond what was necessary to show that the people no longer depended upon the mother country. The features of government which most of the colonies had in common served as a pattern for a number of features of our national government. As a result of this early history, the governments in the various states differ somewhat to-day, although in fundamental principles they are much the same.

Every state has a lawmaking body of two houses. This body is usually referred to as the *Legislature* or the *General Assembly*, although in two states it is known as the General Court. The upper house, like that in the national government, is called the Senate; the lower house is called the House of Representatives, or, in some states, the Assembly. The members of the two houses have nearly the same kind of duties as the members of Congress, though the details of the process of lawmaking differ somewhat in each state.

At the head of the executive department is the *governor*, with powers quite similar to those of the president in the

national government. There are many other executive officers to attend to the work of the state in particular branches of service, and over these the governor's power is in some states comparatively small.

The judicial department of every state has a *supreme court*, although it is not always known by that name. There is



THE CAPITOL OF UTAH.

Here the law-makers for the state of Utah assemble.

always a system of lower courts with their respective judges. These differ greatly in the states in organization, but in all states their duties and powers are almost the same.

At what place in the state is the government carried on? Name the capital of your state. Is it wise for the governor's power to be limited? How much do you know about the history and organization of your state?

39. Our Local Governments. — In order to manage the affairs of the state more easily and to better the local conditions of the people, every state is divided into *counties*.

For the same reasons, in a majority of the states, the counties are subdivided into *towns* or *townships*, and the more thickly settled districts organized as *cities*, *villages*, or *boroughs*.

You all know that the early New England settlers, for the sake of protection and for other reasons, kept together in their little villages. Consequently they produced a kind of local government in which the town was the center of all interest. The county there was established later only as a matter of convenience, but with no extensive power.

In the southern colonies, however, the people were largely engaged in a kind of farming that forced them to spread out over large areas. As a result the county government looked out for the wants of the community and New England town government was practically unknown.

The Middle Atlantic colonies found both systems of use to them. Consequently they produced a local government which gave a place to both the township and the county.

Naturally, as people from these colonies moved westward, they took with them their own form of local government. As a result three systems of local government are in use to-day: the town system, the county system, and the county-township or mixed system.

Mention five states that have the town system of government to-day; the county system; the mixed system. Which system do you think is preferable? What system of local government do you have in your state? Is there any special reason why you have that system?

40. How Money Is Obtained. — We have already seen that our governments have many expenses which must be paid for in some way. Let us now consider some of the ways by which the needed money is provided.

Our governments may obtain funds in three ways: by sale and gift, by loans, and by taxes. (1) Formerly the sale of public lands was a considerable source of revenue, but with the occupation of the West this has largely ceased. Gifts are made occasionally to the government by some

wealthy citizen, but certainly it would be very foolish to depend on either gift or sale very extensively in running a government. (2) Almost any government can borrow money either from another country or from its own people. However, this should not be done to any great extent except in case of some sudden emergency or for public improvements which are to be used for years to come, since the interest on such loans is very great and is only another item of expense. (3) Taxes, then, form the main part of our public revenue.

Our national government places *import duties* on many products coming into our country from foreign lands. The words *customs* and *tariff* are often used for this kind of taxes. Another kind of tax is the *internal revenue* or *excise*. This is laid upon many articles manufactured in our own country, such as tobacco. "Luxury" taxes have been levied on scores of things, even on our tooth powder and toilet soap. Our national government also collects a tax on incomes over a certain amount and on large inheritances.

The *state government* obtains its money, outside of what it borrows, chiefly from licenses and various kinds of taxes. In several states the money received from automobile owners for their licenses goes into the state treasury. Just as taxes form the main part of the national revenue, so the state is forced to depend chiefly on them. Large corporations are taxed on their dividends or their receipts, as are certain other forms of business activity. Besides, almost every state taxes inheritances, and some states also tax incomes and all kinds of property, although these latter taxes belong chiefly to the national and local governments.

The *local government* also must meet its expenses. It imposes fines for the disobedience of certain laws. This practice not only brings in revenue, but also helps to promote respect for the laws of the country. Besides, licenses of many kinds are required to engage in certain forms of business. To own a dog one must have a license, and in most states one can not marry without getting a marriage license in advance.

A tax on property, however, supplies the greater part of the local government's needs. Every land owner is forced to do his share toward aiding his local government financially.

Every organization of government also has the right of *eminent domain*. Under this power the government may take part or all of a man's private property for its own use, if the owner is paid a reasonable price for it. If a dispute occurs over its value, a price is set by a board of viewers, which, if approved by the courts, must be accepted as final. This right permits the government to get property which it needs, when the private landholder might not be willing to dispose of it. The principle involved in it is the same as in paying taxes. Sometimes this right is granted to private companies.

Is the post office a source of revenue or expense? Can you mention other ways in which governments get money? What is your opinion of the right of *eminent domain*? Should it be granted to private corporations?

41. Classes of Taxes. — All taxes may be divided into two great classes — direct and indirect. *Direct* taxes are those whose burden is supposed to be borne by the person who pays them. Taxes on incomes, inheritances, and real estate are usually considered in this class. Nearly all taxes levied by the local government are of this kind.

Indirect taxes are those whose burden is generally borne by other persons than those from whom the tax is collected. Often a tax on a house and lot is really indirect, for the owner may rent it and from the money obtained pay his taxes. The man who occupies the house then is the real payer. The manufacturer or importer who pays a tax on his goods to the government adds enough to the price of the articles so that the people who use them pay the tax unknowingly. A great part of the taxes levied by the national government are indirect taxes, since it has been found that they are more popular.

Since many people think that one's ability to pay should

be the foundation of all taxes, the *progressive* or *graduated* tax naturally meets their approval. A progressive tax is one whose rate of taxation increases as the value of the property to be taxed increases. Our national income and inheritance taxes are based on this principle, and to most people it seems the wisest and best principle to observe. A man whose income is \$50,000 can pay an eight per cent



International Film Service.

PAYING THEIR INCOME TAX.

Filling out an income tax blank is sometimes a complicated process, but these people have done that part of the work and are waiting to get their receipts. This was in the New York City Custom House.

tax without missing it nearly so much as a man with a \$5000 income would feel a four per cent tax.

But all taxes are not levied to obtain revenue, as many people suppose. There is the protective tariff, for example, which attempts to protect the industries and labor of our own country against foreign competition by making foreign goods cost more than homemade goods. Then, too, some

taxes are used to abolish certain undesirable practices. Products of child labor have been heavily taxed by Congress so as to make it unprofitable to employ children in many kinds of work. Another example is the high tax put on paper money issued by the state banks. This takes away all the profit to the banks of issuing such money.

Mention some taxes you have paid every day unknowingly. Why are indirect taxes more popular than direct? What is your opinion of the progressive tax? Can you mention any other uses for taxes than those mentioned?

42. Improvements in Taxation. — There is no use in denying that the methods of collecting and using our taxes are as yet far from perfect.

The United States was for many years the only prominent nation in the world which did not adopt a budget system. By a *budget* we mean an estimate of the probable expenses of the government for a year, with a plan for meeting these expenses. Unless something like this is done no one can tell whether the country will be deep in debt at the end of the year or have funds left in the treasury. Congress has very often made arrangements to spend money with little thought of the financial condition of the country, and the revenue and appropriation committees have not even worked together. Most states carry on their affairs in about the same slipshod manner, so that it is little wonder that the financial conditions of our country are not as good as they should be.

But some cities have adopted a fairly satisfactory budget system, and at last Congress has seen how foolish it is to try to do without one in the national government. A special officer or bureau should have charge of the work of planning and estimating the expenses of the government and making recommendations to the lawmaking body as to what should be spent and where the money is to come from. No one except the lawmaking body, of course, can actually levy the taxes. Only when we have a system like this can we have a truly businesslike government.

At present there is also the difficulty which arises from the overlapping of taxes. Often the same source of revenue is touched twice, as in the case of incomes and inheritances, which are sometimes taxed by the state and national governments alike. Perhaps it would be well if each form of government should have its separate field from which to obtain revenue, and if it were definitely understood that the same source of revenue would not be drawn upon by more than one sort of tax.

Then there is the matter of uniformity of assessment. Some people live in a city where the property is assessed at its real value and pay taxes accordingly. Other people live in a near-by city or town where the property is assessed far below its real value. You can not then compare one community with the other in the matter of taxation, and the people may not understand just what condition their finances are really in.

Besides, if there is a general state or county tax on property, the community which has assessed its property too low would not pay its full share. In order to remedy this condition, some states, such as New York, have formed a state board of equalization to see that all the property in the state is assessed on the same basis. Perhaps some such method is the easiest way out of the difficulty.

A tax reform frequently advocated to-day is the so-called *single tax*. The supporters of this tax declare that the value of land alone should be taxed. Land, they say, is a gift of Nature and not like buildings and other improvements which are the result of men's labor. Individuals should not have the right to occupy it for their own use without paying for the privilege. Moreover, they believe that no one should be forced to pay a tax on buildings or other improvements which he may make on the land. This, they say, is only punishing a man for his industry. As a result of the single tax they believe land would be developed, building would be stimulated, and social conditions as a whole would be bettered. This plan has been adopted in several localities.

Others believe that buildings and improvements which have to be protected by the community can rightly be asked to pay something for this protection. Besides, the opponents of the single tax do not believe that it would be possible to put all the burden of taxation upon one source of revenue. They say that in working out this scheme more injustice would be done than under our present system. Perhaps a compromise can be reached without going to the extreme of the single tax. Undoubtedly land has not always paid as much as it should pay.

Why do you think the United States was so slow in adopting a budget system? Does your local government have such a system? If it does not, what are the reasons? Mention some things that are taxed by state and local governments alike. Is the assessment uniform in your state? When did it become so? Would it be possible to have uniform assessment throughout the United States?

43. Political Parties. — Governments are usually carried on through the agency of political parties. We have all heard of the two great political parties which have existed in our country for so many years, the Republican and the Democratic. But what do we mean by political parties? A *political party* is an organized group of persons who have similar ideas in regard to public questions.


Why do parties come into existence? One man alone, unless he is extremely influential, has little chance of making his ideas the policy of the government. But when people all over the country, whose principles are somewhat the same, band together and support certain candidates, they surely have a better chance for success. So political parties were formed to secure united action among those who have the same ideas.

But a political party, in order to be of any use, must be organized. At the head of each great party organization in this country is a national committee, made up of one political leader from each state in the Union. Every state has its committee composed of prominent men of the party

in that state. Then there are the county committees and the city or township committees, both of which form a part of the great party organization. The wards and voting districts, too, in great cities have their committees, and a great deal of the work rests with them. It is their duty to stir up enthusiasm and get the voters out to elect their candidates.


The Literary Digest for October 25, 1920

Mothers of the Next President and Vice-President



Portrait by John

FLORENCE H. HARDING
Mother of Warren G. Harding
Republican Candidate for President



Portrait by John

FRANCES F. COOLIDGE
Mother of Calvin Coolidge
Republican Candidate for Vice-President

A POLITICAL ADVERTISEMENT.

Do you think this advertisement secured many votes? How does it impress you as an argument for the candidates mentioned?

Each state has its own laws with reference to the way parties shall pick out the men they will support for the different offices. Most states have a system of direct primaries, in which every voter may have a voice in electing candidates. Usually a convention is held which draws up a statement of what the party is supposed to believe, which is called the *platform* of the party.

After this has been drawn up and after the nominations

have been made, the real *campaign* to get the support of the people begins. Public meetings are held extolling this candidate and condemning that one. Newspapers aid by publishing the speeches made and by printing editorials favorable to their special candidate. Even advertising space is sold to the contending parties.

Sometimes great parades with red lights and fireworks are held and many an ignorant man's vote is secured through just such demonstrations. Money is given freely by faithful supporters and is used to good advantage by the not always honest political bosses. Great manufacturers and others have been known to try to compel their men to vote for their favorite by threatening to close their works if the other man should be elected.

Sometimes attempts have been made really to educate the people. Pamphlets have been given freely to discuss the issues presented by the parties. Some states require that this shall be done. This form of campaigning is by far the best, for only with an educated people, as we have said, can we hope to have an intelligent government.

In your voting district do the two great parties have committees? Do you know who are members of these committees? Do parties always live up to their platforms? What do you think of the various means of campaigning? Is it right to try to force voters to vote against their convictions? What can we do about it?

44. Effects of Parties. — Because of the important place which political parties hold in our country their effects on the government and on the people themselves are many.

First let us consider the good effects of political parties. They bring together those who think alike and give them a better chance of having their principles accepted as the policy of the nation or community. Parties do away with the indifference of people and make them interested in their own government. When anything like a struggle between two great parties exists, you can be sure that almost every American will be aroused and ready to support either one

side or the other. Parties, then, stir up competition, which is usually good in any government, so long as it is fair.

Then, too, the very fact that we have political parties places more responsibility on the party in power. If their administration is good, their opponents will have little reason to criticize them, but if they manage the affairs of the country poorly or dishonestly you can be sure it will all come out at the next election and such a party will probably have to suffer.

But political parties also have some bad effects. Party "bosses" often get in control of the party machinery and operate it to suit themselves. These bosses may be good men, but more often they care only for their own advancement and a chance to make dishonest profit. Independent men, as a rule, are shunned in party organizations. Weak tools who will carry out the boss's commands are preferred and are given important places for which they are entirely unfitted.

Another bad effect of parties is the fact that many people insist on voting for a Republican or a Democrat just because he is labeled with that name. They give no consideration to a man's real merits. This habit of voting for a man just because he belongs to one party is perhaps the worst we have to overcome. The intelligent man's vote will always be cast after he has considered both the personal qualities of the candidates and the policies which they are supposed to represent. The thoughtful citizen, too, will not assume that it is necessary to oppose a proposition simply because it is put forward by a member of a different party. If the idea is good let us accept it, no matter where it comes from.

Whether political parties have more good or bad effects is hard to decide. In all civilized governments parties exist, and in many cases there are more than two important ones. If we must have them, let us do our part toward wiping out the evil practices employed in party management and make them a real good to our country.

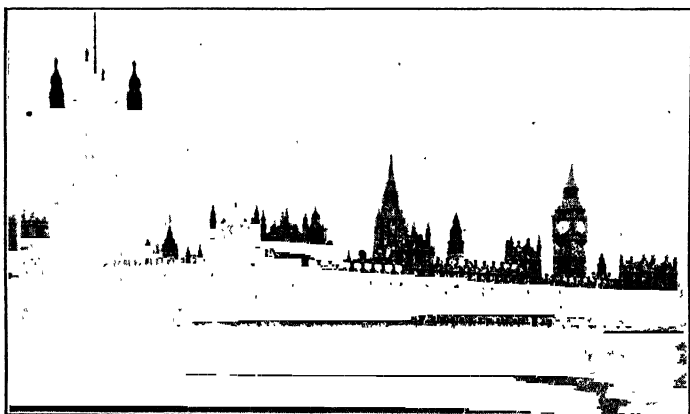
Do you think that the political parties which we have to-day are of real benefit to the country? How can we better them? Whose fault is it that dishonorable party bosses get control? Can you mention any party boss? What kind of man is he? How did he get his power? Is it better to have two great parties, as has usually been the case in the United States and Great Britain, or several, as we usually find in France and some other countries? When would it be wise to organize a new party? Should we use the same party names in local elections that we do in national politics?

45. The English Cabinet System of Government. — But there are other countries to-day that have quite as notable governments as the United States. Lest we should make the mistake of thinking that all good governments are just like ours, let us now look at the principal features of the British government and see how it differs from our own.

Great Britain is in form a limited monarchy; in spirit a democracy. Its legislature, known by the name of *Parliament*, consists of two houses. The upper house is called the House of Lords and is composed chiefly of nobles who hold their places for life. Most of them inherited their titles, though some received them as rewards for noteworthy service. The lower house is called the House of Commons, and is elected directly by the people for not more than five years. All men over twenty-one and all women over thirty have the right to vote. All political power rests in this house. The House of Lords always in the end passes any law that the Commons really want, for resistance would be useless, since the Prime Minister, supported by the House of Commons, could create enough new peers to pass the bill.

The King has practically no political power; in fact he is the head of the government in name only, the real head being the Prime Minister. This officer is chosen by the King to act as the head of the Cabinet which he himself selects. This body directs the administrative work of the government, and recommends all important laws. However, its members are responsible to the House of Commons, which can at any

time disapprove of their actions. When this happens the Prime Minister with his Cabinet must then resign or else have Parliament dissolved and appeal to the people by means of a new election of a House of Commons. The resignation of the Cabinet when it can no longer control the lawmaking body is the most important feature in the English parliamentary system. All final power, therefore, whether executive or legislative, rests with Parliament, which in turn



PARLIAMENT BUILDING, LONDON.

This is where the House of Commons and the House of Lords meet.

represents the people. There is no separation of power as in our country.

In France, Italy, all the great British colonies, and many other countries the British Cabinet system is used. It binds the executive and legislative branches of the government closely together, and makes such disagreements as we have sometimes had between our President and Congress impossible. Some think that it is even more directly representative of the people than our own and makes a business-like administration of affairs much easier.

What particular good or bad features do you see in the Cabinet system as compared with our own method? Do you suppose we shall ever have a perfect form of government?

QUESTIONS

What three functions do all governments exercise? Outline the general framework of our national government; of our state governments. What forms of local governments do we find in our country to-day? How did they originate?

Review the principal causes for expense on the part of the national government; the state government; the local governments. What special kinds of taxes does each of these governments make use of? Define *direct* tax, *indirect* tax, *progressive* or *graduated* tax, *tariff*, *customs*, *excise*. What is *eminent domain*? What changes in our methods of levying taxes have been proposed? What is the *single tax*? What is a *budget*? What are the benefits of its use?

What is a political party? Why are parties formed? What good do they do? What evil? How are political parties organized and managed? What is a "boss"?

What are the principal features of the government of Great Britain? Mention some other governments somewhat like this. Describe the Cabinet system. Can you explain why we do not have it in this country?

SPECIAL TOPICS

The Best Form of Government for Us.

The Principal Officers of Our Community.

The New England Town Meeting.

Should Any Changes Be Made in Our Government?

Why I Do Intend (or Do Not Intend) to Belong Regularly to a Political Party.

The President of the United States.

Congressmen Whom I Have Known.

How Our State Is Governed.

The Taxes Our Family Pays.

Tax-Paying and Tax-Collecting in Our Community.

CHAPTER VI

FOUNDATIONS OF OUR NATION'S LIFE

Have the elder races halted?

*Do they droop and end their lesson, wearied over there beyond
the seas?*

We take up the task eternal, and the burden, and the lesson.

Pioneers! O Pioneers!

— *Whitman.*

46. What Makes a Nation? — “What constitutes a state?” asked the poet, and answered his own question by saying, “Not high raised battlement and moated gate, but men.”

Yet first of all there must be a place for the people to live in, and the area of the place must be great enough to take care of the people. A nation must have land. But size is only a small part of the requirements. The character of the place must also be taken into consideration. Climate, natural resources, rivers, seacoast, and other geographical features all play their part. Besides, every nation must have some form of government. And so we see, although the people themselves are the real foundation of a nation, material things also have much to do with its prosperity.

Nations are not all equal. Nature has not favored all of them alike. No great nation has ever appeared in the torrid zone. The people there lack enterprise. Neither can the frigid zones boast of ever producing a powerful nation. The people must spend all their time in getting the bare necessities of life. They have no time or ambition for progress.

Then, by contrast, there is China with her great population

and enormous area and resources, but she is not a great nation. Her people seem not to realize their great possibilities. They built up a remarkable civilization centuries ago, but they stopped and did not advance with the rest of the world.

One feels inclined to-day to exclude big Russia from the class of great nations, because of the ignorance of her people and the uncertainty of the future of her government. And even little Switzerland with her enterprising people and democratic government can never attain the position of a first-rank power, for she is remote from the sea and held within limited boundaries.

A great nation, then, is one of considerable size and population, with favorable climatic and geographical features, and a good, sound government; a nation whose people are progressive not only commercially and industrially, but also intellectually and morally. All nations to be truly great must come up to this standard.

Why are people in a fruitful land sometimes unprogressive? How can they develop into a great nation? What are the great nations of the world to-day? What are the causes of their greatness?

47. The Factors in Industry. — Looking now at simply the material side of a nation's life, what agencies bring about the production of the things we want? *Land, labor, and capital* are names we usually apply to the three "factors" of which we commonly think.

Land, as we use the word here, means not merely the ground we build houses on, or the soil we cultivate, but any gift of Nature which is used in the production of goods. The trees of our forests, our mineral deposits, and the water power which runs many of our mighty mills, are all considered in the term land. *Natural resources* is another expression often applied to the gifts of Nature.

Labor is the activity or effort of *human beings* that enters into industry. This applies to mental and physical effort alike. The manager who does nothing but form plans and give orders is just as truly a laborer as the man who

operates one of the big machines in the mill or handles a shovel in the ditch.

Capital is any product of past labor used in the production of more goods. Many people think that money alone is capital, but this is far from the truth. The machinery in the mills, the trains of the railroads, and even the ditch-digger's shovel are capital. All these were once made by



Courtesy of International Harvester Co.

CRADLING.

There was a time when almost all grain was cut with an implement like this. On a steep hillside and in other inconvenient places it still has to be used. How do land, labor, and capital appear here?

man and are now being used by their owners to produce something more.

. Which factor, if any, do you think is of most importance? Why?

48. Services of Land and Natural Resources. — Land, Nature's gift to production, is absolutely essential. In the first instance, it furnishes man with standing room. In

other words, it gives him a place where he may live and work. How many of you ever thought of land as doing that for you? We simply take such things for granted.

Then, too, land supplies man with raw materials, which he may develop for his own use. The great mineral resources of our country, our mighty forests and our varied plant and animal life, all have been given to us by a bountiful Creator. It only remains for man to make good use of them.

But Nature does even more by giving man the forces with which to utilize these raw materials. There is the horse, for example, which has always aided man in his agricultural work. It supplies what is known as *animal force*. It may seem strange to express it in this way, but in terms of economics the horse is a form of land, since animals are a gift of Nature. Then there is the power supplied by water which turns many of our New England mills. And even the wind has been harnessed to aid man in his efforts.

Some of these contributions of Nature can be taken and held by individuals with considerable ease. Others cannot be reduced to private ownership. In this country any individual may own land who has obtained it in some fair way. Products of the soil and domesticated animals may also be held by private persons.

Some persons or corporations have even gained control of rivers or lakes to use in carrying on their own private business. But such gifts of Nature as sunlight and air and the great seas, which belong to all people, can not be owned by private individuals or even by corporations. But always the tendency is more and more to bring under private ownership the forces and resources of Nature.

Can you think of any other services of land? Mention other gifts of Nature which men can control; others that can not be so possessed. Is it right for so many natural resources to be owned by private individuals?

49. Effects of Natural Conditions upon Industry. — Long ago the life of man depended entirely on the nature of his

surroundings. If his home was in the forests, he was sure to be a hunter, killing wild beasts so that he might live. If he was born by the side of the sea or a lake, he generally became a fisherman or braved the waters in his boat. If inland plains were his abode, he undoubtedly led a pastoral life, roaming far and wide with his flocks.

From the combination of these three, all civilized societies of to-day are derived. Our own country is a good example of how natural conditions affect industry. New England's soil was not especially fertile, but she had rapid streams, and she has developed in manufacturing and trade more than in agriculture. The southern states, however, possess fertile soil, and agriculture consequently is their chief industry. The partly arid stretches of western Texas and the Great Plains are best suited for cattle raising, while the Rocky Mountains regions, with their treasures under the ground, excel in mining.

But man is coming to modify and even change his environment. Desert lands may be made fruitful by irrigation. By drainage, marshy lands are made fit for use. To-day even huge mountains can be tunneled and railroads run through them. In fact, economic progress tends to free man more and more from the power of Nature.

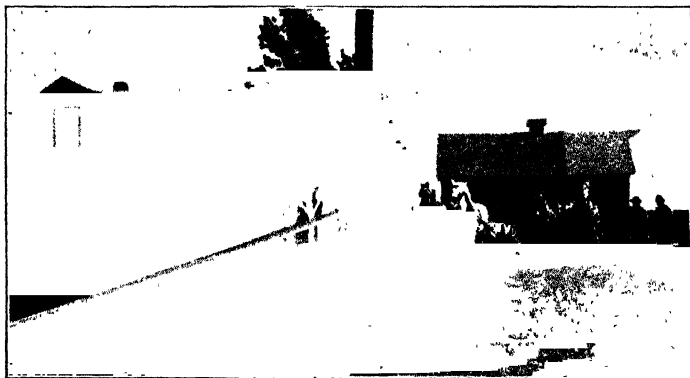
What are the chief industries of England? Why are they so? Mention some other country which is vitally affected by its surroundings. In what ways not mentioned above is man modifying his environment?

50. Private Ownership of Land. — This is a subject which is being discussed more and more, especially by people who are not satisfied with things as they exist to-day. If land is so necessary, so vital to industry, as we have seen that it is, should individuals have the right to hold it for their own personal use? The parks, the playgrounds, and our public buildings we may use along with other people without fear of being molested, if we abide by rules which every one must follow. But suppose we desire to play in our neighbor's

yard. Immediately we discover that we have no right to do so without his consent, since it is his private property.

But what right has he to own that land? No doubt he bought it and in return for the money paid received a *deed* to the land. A deed is a written document which describes the location of the ground, states that it was sold by John White to Thomas Browne, and has been signed before some justice or notary.

But where did John White get the land which he sold? Perhaps he too bought it and had received a deed. If we look



AN UP-TO-DATE INDIAN FARM.

Bureau of Indian Affairs.

This farm is owned by an Indian woman at Lapointe, Wisconsin. Notice the difference between life here and that of the Indian on page 107. Is private ownership a good thing for this woman?

back far enough we shall find that some one did not buy the land from an individual, but received it from the government as a *grant*.

Immediately the question comes, "Where did the United States or any other government get the right to give land away?" Why, the colonists long ago either bought the land or took it from the Indians who lived in this country. But what right did the Indians have to claim possession of the land? They certainly bought it from no one, nor was

it given to them. You see from this standpoint it is pretty hard to justify the possession of land as private property.

But private ownership of land must have some justifications, else it would not exist and have existed for so long. When the Indians roamed around over this country, private ownership of land was unknown. If a tribe desired a stretch



WONDERS OF NATURE WORTH PRESERVING.

Great Falls, Yellowstone Park, from Point Lookout. To preserve scenic wonders like this from ruin at the hands of people who wish to use these falls simply for power is one of the troublesome problems of the day. If the falls can be saved and the power used too, everybody will be happy. Should places like this be owned publicly or privately?

of land and had the power to take it and keep it, the land was theirs. Might alone was right.

As the English colonists came and settled in towns, the right to hold property, even land, became established. It brought with it a higher form of civilization, for from it a respect for others and their rights grew among the people.

Greater contentment existed, for it encouraged the people to work and to develop their resources, since they knew that for their labor they would receive a lasting reward. Since they developed it and made it serve mankind they felt that they could rightly claim a title to it.

The ownership of land by private individuals even enjoyed a government guarantee. When the people realized that they had land of their very own to be protected, they were more willing to support the government. And so the entire community seemed to be benefited by the private ownership of land.

But there is something else we must notice about private ownership of land. For some people it has been the means of creating extraordinary wealth, but for others the cause of poverty. There are three general ways in which land may bring wealth to the owner. He may sell it, he may rent it to others, or he may cultivate it. But sometimes he does not do anything with it when he first gets possession of it. While other people are developing the neighborhood, the owner may simply hold the land without its being improved, until it can be sold for a big price. Such speculation is sometimes very undesirable, for by it, without working at all, one man may gain wealth at the expense of many.

A disagreeable result is the ill-feeling which renters are beginning to have for the rich landowner. He refuses to sell to them at a reasonable figure either the land or the building that may be on it, and they are forced to pay high rents in order to have shelter. When such conditions exist to a great degree, private landholding is no longer beneficial.

Have you yourself ever received any benefit from the private ownership of land? Is your community better off because of it? How would you like to have your community own all the land within its boundaries?

If possible, trace back to the original owners the title to the land which your family owns.

51. Problems of Land Ownership. — In the country, too, there are problems connected with landholding. Many farms are mortgaged. That is, some one else than the owner has a money interest in the property. Sometimes this comes about when a person is not able to pay the full price at the time he buys the property. He may borrow some money or not pay all the price down, and then give the person to whom he is indebted a claim on the property for the amount that is due. If he does not pay what he owes at the time he agrees to do so, his creditor may cause the property to be sold and get what is due him in that way.

To own and cultivate farms under these conditions is often very unsatisfactory. Renting them brings about frequently the same situation. Much of the money which the struggling farmer takes in has then to go toward paying rent or interest on the mortgage, and he may be getting deeper in debt all the time. It seems as if he is working simply to help somebody else get rich. He loses heart, fails to keep the property in good condition, and drops into the hopeless, unprogressive class of citizens who are of little use to themselves or to their community. Wherever a large proportion of the farms in a neighborhood are either rented or heavily mortgaged, you can be sure something is wrong.

The renter in a city or town sometimes is in the same class as the "tenant farmer," for he can not be expected to take the same interest in improving some one else's property that he would if it were his own. Yet in the city people often prefer to rent rather than own, in order to feel more free to change from one place to another than they would if they were tied down by owning a home. Some think that the land in the big cities should be taken over by the city for the benefit of all, since, they believe, private ownership of it has done all the good it can do for a densely populated community. When only one house and lot in ten in New York City is owned by the people who occupy it, it does not

seem that private property in land is any longer a great blessing to most New Yorkers.

The question of assessing property, or putting the right valuation upon it, is sometimes difficult. Part of the encouragement to keep one's property looking well may be removed when the owner knows that if he paints his house the assessor may come along and add \$200 or \$300 to the assessment on it, and the owner will have to pay more taxes than before. That is not right, yet it has often happened.

Suppose, too, that in a fine residential district your next-door neighbor sells out to a man who turns the place into a garage or crowded tenement house. Your own house at once becomes less desirable as a place to live in. Whole sections of towns may sometimes "run down" because cheap stores or factories or other unattractive elements make their way into them. To prevent the unnecessary occurrence of this kind of thing, many communities either have passed or are considering "zoning laws," which will lay down limits within which garages, factories, and the like may not be built, and specify certain sections to be used for particular purposes. In residential districts, when a new piece of land is divided into home sites, the property is sometimes sold with "restrictions." Then the purchaser binds himself to put up a house worth at least a certain sum of money, or to set it a certain distance from the street, or in some other way to deal with the property so as to keep the neighborhood always up to an established standard.

The title to property is also sometimes a cause of trouble, especially if the property has changed hands several times. It is well for a purchaser to have a lawyer or other responsible party look into this question when buying real estate. One ought to be sure that all previous owners have disposed of all their claims, or if they have not, that he understands exactly what their claims are. There are some "title guarantee" companies that make a business of this kind of work. Then if any question is raised about the title after

they have investigated it, they will assume the responsibility for any lawsuits that may be brought which would question their own findings in the case.

So that private individuals may not have to bear all the expense and work that is sometimes connected with such investigations of titles, some of our states have adopted a plan known as the *Torrens land title system*. Under this plan the state or county determines the title to all registered land within its borders. Then when the land changes hands, it is a simple matter, with little expense, for the change to be recorded, and the buyer is sure of the title to his property and is saved the expense of having the title searched.

What is meant by an "absentee landlord"? Is it good for a neighborhood to have many of them? Would you rather own or rent the place where you live? Why? What people might prefer to have their property mortgaged and why? Why are some situations more desirable than others for stores, factories, or garages? What argument would you use with a person who asserted that it was nobody else's affair if he could improve himself in a business way by turning a part of his house into a store or automobile accessory shop?

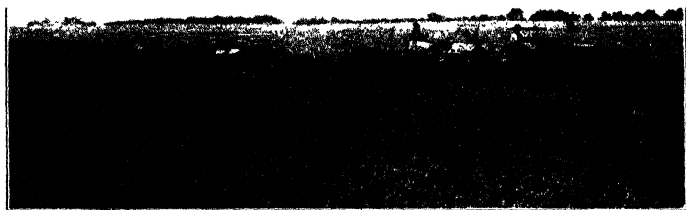
52. Methods of Cultivating Land. — There are two methods by which farming may be carried on. They are commonly referred to as *extensive* farming and *intensive* farming. Though they differ greatly in many ways, each has its place, depending on the nature of the soil and the kind of product which is sought.

In the Middle West of our country extensive farming thrives. The farms are exceedingly large, some covering 10,000 acres. A great amount of investment in land, in expensive and up-to-date machinery, and in money to pay all expenses until the crops can be marketed, is needed.

Generally a staple crop such as oats, wheat, or corn is raised on such a farm, the nature of the crop depending on the character of the country. Laborers of all kinds are hired, from expert managers down to men employed for only a short time. While the greater part of the work is done by

machinery, still, especially at harvest time, a large number of men are required. Sometimes the owner may live on his farm, but often he leaves it to the care of others. There can be no close relation between employer and employee under such conditions.

Intensive farming, however, is more suitable for the man of small resources who prefers to work for himself. This can be seen especially in the eastern states of our country where the farms do not cover on the average more than fifty



Courtesy of International Harvester Co.

A MIDDLE WEST GRAIN FARM.

These machines shock and bind the grain. Without such machines these big farms would be impossible.

acres. It is even more noticeable in a country like Japan, where a farm may not include more than two or three acres.

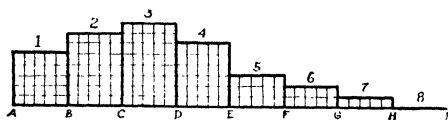
But in order to be successful several things are necessary. The farm must be situated near a market to which the farmer can easily take or send his own products. A variety of crops must be raised and rotated from year to year so that each crop takes from and gives to the soil something which the preceding crop did not.

The number of laborers required on such a farm is small, but ignorant laborers are not desirable. Besides, the farmer

himself, in order to succeed, must know what his land can do for him and what work must be done upon the land. He must be familiar with the qualities of the soil and know for what crops it is best suited. Only then will intensive farming bring satisfactory results.

In connection with the cultivation of land it is well for us to consider the *law of diminishing returns*. This applies in most industries,

though it is especially evident in farming. Suppose a man has a piece of land to cultivate. By working upon it and using capital in the form of fertilizers, tools, and other farm equipment he raises its product from nothing at all to an amount that may be represented by, let us say, \$500. Next year perhaps he puts on the same piece of land twice as much labor and capital as before. Probably he



DIMINISHING RETURNS.

Suppose we let the distances AB , BC , CD , and so on, represent equal amounts of labor and capital combined. When the first amount, AB , is applied to a piece of land, the product is represented by the rectangle numbered 1. When two amounts, AB and BC , are applied, then we suppose that the farmer gets a product that is represented by rectangle 1 and rectangle 2 in addition. In the same way adding more labor and capital, CD , DE , and so on, we suppose to bring rectangles 3, 4, and so on, in addition to 1 and 2. Rectangle 4 shows that the principle of diminishing returns has begun to work. Seldom would a farmer, therefore, put more than three or four times the first amount of labor and capital on this particular piece of land, and never would he go as far as eight times, for then the added returns are nothing at all.

will add to the amount produced, not only another \$500, but some besides — enough to make \$1200 in all. The following year he may use on this ground three times as much labor and capital as he did the first year. Perhaps this time he increases the total product not only \$500 or \$700 more, but enough to make it amount altogether to \$2000. So far he has been rewarded by constantly *increasing* returns in proportion to the amount of labor and capital he puts upon the land.

Now maybe he puts four times as much work and capital upon this land, but discovers that instead of adding \$700 or \$800 to his total product the increase is only \$600. This means that the point of diminishing returns has been reached. Whether this would happen after the third, fourth, or some other multiple of the original amount of labor and capital, he could tell only by experience. But after the point has been reached, it becomes less profitable, in proportion, to add new amounts of labor and capital. Putting on five times as much as at first might add only \$300 to the product which would result from using four times the original amount.

Just how far this process will be carried, the farmer will have to judge from conditions in general. Usually he will not add labor and capital much beyond the point where diminishing returns begin, and will never knowingly go to the point where the added returns cease to be greater than the added labor and capital which he uses.

This, then, is the law of diminishing returns: in the cultivation of land or the working of a mine and to some extent in any other industry, the application of labor and capital will up to a certain point bring in constantly increasing returns in proportion to the amount used; but after this point is reached the application of additional capital and labor will not bring in returns proportionally as great.

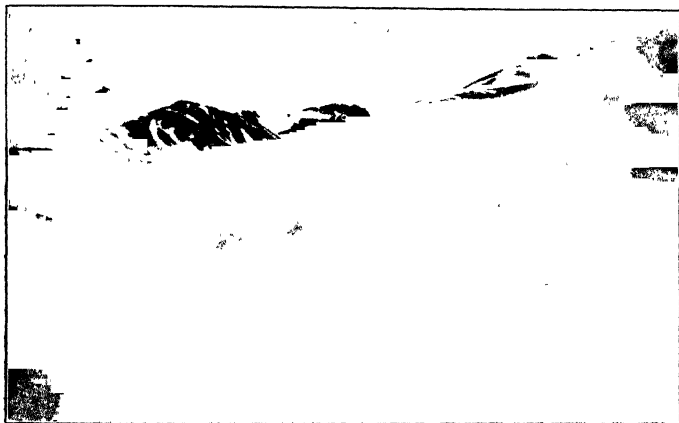
What do you know about extensive farming? Where else is it carried on except in the Middle West of our country? Which way would you prefer to farm, extensively or intensively? Why? What kinds of crops are best suited for either method? Have you ever seen instances of the working of the law of diminishing returns?

53. The Waste of Natural Resources. — When our forefathers first came to this country, they found a land gifted by Nature with extraordinary resources. Fertile soil, timber, minerals, water, and diversified animal life all were here.

But from that time up to to-day waste and wanton destruction of these gifts of Nature have taken place. Two-thirds of the great forests of our country have been cleared away.

Trees were cut down ruthlessly to satisfy men's greed for profits. No thought was given to setting out more trees.

The water power of this great country has also been abused. The greater part of it already is in the hands of individuals and corporations, which use it for their own private gain. To let this enormous power go to waste is certainly not desirable, but to give the control of it to a few men who use it to make money out of the people is almost as bad.



FOREST DESTRUCTION BY FIRE.

U. S. Forest Service.

This was set by a logging engine, but many fires are still less excusable.
Boulder Creek, Colorado.

Then there are our great desert lands and our swamps and marshes, which people have shunned as being worthless. But all the time they were just waiting for labor to be applied to them. When this has been done, the results have been wonderful.

In the same manner that our forests have been destroyed, our mines also have been wasted. Private operators who thought only of the greatest possible gain secured control of many of them. In many cases only that part of the coal, iron, or whatever it might be, was taken out, which could be

worked with very little cost or trouble. The rest of the vein was often entirely abandoned and could now be opened up only at great expense. Consequently the supply of minerals which ought to be available for us has decreased almost unbelievably fast.

Animal life, too, has not been spared. Many finely plumed birds have become almost extinct from being constantly hunted to gratify the vanity of thoughtless or selfish women. The passenger pigeon, which once traveled north and south each year in flocks of many thousands, has gone forever. The buffalo and other animals of use to many narrowly escaped the same fate.

What has been the cause of this waste and destruction? Greed and ignorance are largely responsible. The men who got possession of our natural resources cared only about getting rich quickly. They showed neither thoughtfulness nor care. The worst part of the matter was that the people, through their ignorance of the situation, allowed this plundering to go on. They believed that our natural resources were so great that they would last forever, while in reality year by year they were steadily decreasing. Some of the people even had a "don't care" spirit and believed that they had no right to interfere in such matters. It is not much wonder that conservation of our natural resources seemed for a time a notion of "cranks," and that it was not easy to wake up the people to what was really going on. But now we realize that the men who preached conservation spoke the truth, and we are making an effort to correct the abuses which have existed.

Give some particular instances of the waste of natural resources which you know or have read about. Should all animals be protected? Were you ever guilty of wasting animal life or property or natural resources? Why?

54. Conserving Nature's Gifts. — The policy of our government in the past has been partly responsible for the careless use of our natural resources. We seemed to have an un-

limited amount of land which belonged to the people as a whole and hence was called *public land*. To let this lie uncultivated would have been folly, but to go out and settle on it as a pioneer was an undertaking surrounded with perils and difficulties.

To encourage people to take chances and undergo the trials of pioneer life our state and national governments were very generous in offering the public land at ridiculously low figures to those who would settle on it. These "Homestead Acts" brought about the occupation of many thousands of square miles of some of the richest soil in the world. The westward movement of settlers into the Mississippi Valley and beyond is one of the biggest features of American history.

But much land was given to railroads. Speculators who had no intention of actually settling upon it got possession of thousands of acres by evading the intent of the law. We were so very generous in virtually giving the land away that it is not strange that people got the impression that there was no need of being careful.

Now most of the public land which is of any value in its present state for agriculture has been taken up, though considerable remains that may be valuable for other purposes. Some of the western states contain marvelous scenery and wonderful natural features which can not be equaled anywhere in the world. But whether it be the geysers of the Yellowstone Park, the falls of the Yosemite Valley, or the giant redwoods of the California forests, greedy money-makers would not care what happened to these marvels of nature if they could be converted into a source of wealth for men's private pocket books. Setting apart certain regions as National Parks is an effort to keep these wonderlands from being ruined by men who care for nothing but getting rich.

In order to save the forests of our country from complete destruction, millions of acres of land, largely in the western states, have been set apart as forest reserves under governmental control. Several thousand men are employed to

take care of these reserves. Their duties are to protect the trees from destruction, to plant new ones and to prevent or put out the many forest fires for which careless campers or woodcutters may be responsible. Many states also have forest reserves of their own and employ a forest commissioner



U. S. Forest Service.

A FIRE LOOKOUT.

On the tops of some of the high peaks of the mountains, keen-eyed men, employed by the Forest Service, keep watch for signs of forest fires.

proposed. The use of streams for power can be rented to individuals or corporations and the user be required to pay for the privilege. In this way private speculators can not get entire control and the people as a whole get some of the profit from their natural resources. A commission consisting of the Secretary of the Treasury, the Secretary of the Interior, and the Secretary of Agriculture, has been

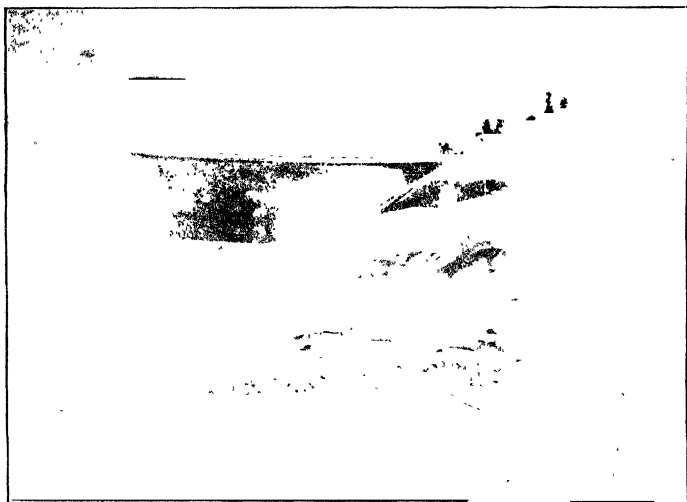
to promote conservation and to teach people the proper care and use of trees.

The problem of water conservation is also of great importance. Much loss and suffering has resulted from floods which are thought by many to have been made worse by cutting down the forests. By the construction of dams and reservoirs, flood water may be controlled, at least in part.

So that the people may keep control of what water power remains in their hands, a new plan has been

created to oversee the use of the water power on our national public lands.

A great deal has also been done both by private corporations and by the national government toward land conservation. Our great western deserts have become fertile farms after the water from distant rivers has reached them. Many wonderful irrigation enterprises have been undertaken.



Courtesy of Reclamation Service.

THE ARROWROCK DAM, IDAHO.

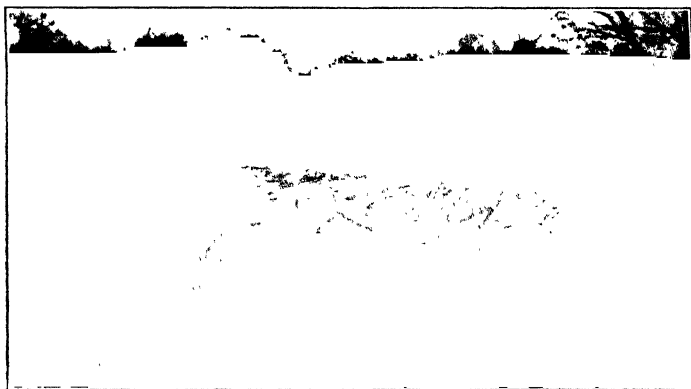
The greatest irrigation dam in the world. It is 351 feet high.

Great dams and canals have been constructed to aid in the work. Water is carried many miles and then stored up for use. California has more irrigated farms than any other state, but all our states in the far West have benefited greatly by irrigation.

Then there is the conservation of our swamp lands, found near the mouth of the Mississippi River and along the Gulf and elsewhere. Drainage canals have been constructed which make this marshy land profitable for agriculture.

This not only increases the value and importance of the land but also benefits the people as a whole, as swamp lands always breed disease.

The government also is taking a hand in conserving the minerals of our country. In Alaska, especially, where there is a great supply of coal, our government has refused to allow private companies to gain control. The policy has now been adopted of leasing these lands, charging a royalty on the products received and requiring thorough operation. The



BEAVER DAM.

These animals are much less common than formerly. It is wonderful what they can do.

states also are assisting in this great work and are beginning to assume some control over their mineral deposits and to insist on proper methods of mining.

We have seen that animal life also has been wasted and destroyed, and so conservation applies to it as well as to land and water. All states have fish and game laws to prevent the extinction of these living things. Reserves have been set aside in the southern states to protect the birds and every effort is made to care for them in the right way. Besides, encouragement is given toward raising and preserving

many animals of value to man, which have been almost totally destroyed by our lack of foresight.

This problem of conservation is not, as some may suppose, a problem for the government alone. Each one of us can help in the great work by refusing to waste or destroy any gift which Nature has given us.

Find out what such men as Theodore Roosevelt, Gifford Pinchot, and Franklin K. Lane have done for the conservation movement. What do you understand by conservation? Is allowing a water faucet to run continually when the supply of water is low a form of waste? Why? Is it better for the state or for individuals to attend to the conservation of natural resources? Why? Are there any birds in your neighborhood which need special care? Is the small boy who kills birds really wasting our animal life? Why does he do this?

55. How Each Factor Needs the Others. — We have already seen the importance of land in industry. It is indeed the foundation of all economic activity. But of what use is land in itself? The huge trees that stand in the forest are of no service unless man with his human labor is there to cut them down and haul them to the market. And very little of this could be accomplished without implements of some kind. Thus we see that capital also is of vital importance.

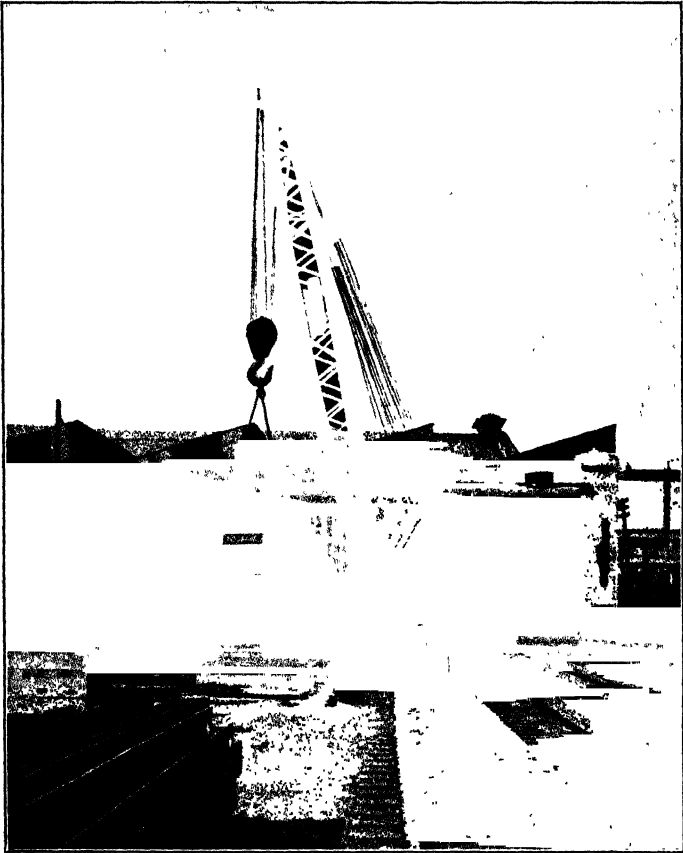
But so that we may understand the absolute dependence of the three factors, let us consider some one industry — farming, for instance. A farmer has a large fertile tract of land, but without laborers to work it the land is of no use to him. But labor is not all that is needed. Capital in the form of machinery and farm implements must be employed if the work is to be successful.

But suppose that this same farmer has only the laborers. What can he hope to accomplish with neither a place nor the means for his men to work? Labor must have land to work on and capital to help in doing this work.

Then suppose the case — rather uncommon, a farmer would say — that the farmer has only a supply of capital. But all his capital is of no use to him if he does not also have

land and labor. Without land, capital has no raw materials with which to work, and without labor to make use of capital, production could not take place.

And so we see that it is only through the coöperation of



Courtesy of Brown Hoisting Machinery Co.

THE FACTORS IN PRODUCTION.

This machine is lifting 74,000 pounds. To what extent are land, labor, and capital serving in this picture? Is labor any worse off because of this machine? Compare this picture with the one on page 81.

these three factors that production is made possible. Each needs the other two. All are necessary to industry. What a mistake for those who control any one factor to presume that because it is necessary to industry they may dictate to the others the terms on which they will consent to its use! How much better if all realized their dependence upon one another, and instead of trying to rule the rest, tried to work in harmony with them!

Show how people in other occupations need all three of the factors, as the doctor, the grocer, the bricklayer. Of what importance is good business organization?

56. Different Features of Industrial Life. — We have seen that there are many things which we want. In making use of the three factors of production to satisfy our desires, we may distinguish four phases of industrial life.

The most fundamental of these is *consumption*. This means the use of goods for the purpose of gratifying some want. It was the motive which first impelled primitive man to engage in activity of any kind. And all through the years of growing civilization and progress it has continued to be the most important factor.

Consumption in one sense means destruction, for we can not consume without destroying. When we eat an apple, it is destroyed at once. With our books, clothes, and our homes, this sort of consumption takes place more slowly and is not so evident, though it does actually occur. But whether the destruction of goods takes place slowly or promptly, the desire to use goods to satisfy our wants is always present and always increasing — and that is the main idea of consumption. It is really the foundation of our modern industrial life.

But we can not consume goods unless there are goods to consume. As man's desire to consume goods increased, he could not depend upon the things that Nature produced without any effort on his part. So he was forced to undertake to *produce* things by his own labor. This labor was very

simple at first — in fact it was done entirely by hand. Then rough stone tools were fashioned. Later bronze was used, and then iron and steel.

Some kinds of *production* continued to be very primitive until after the middle of the eighteenth century, when machinery began to play an important part in industry. Marvelous developments followed, until the complicated production of to-day resulted.

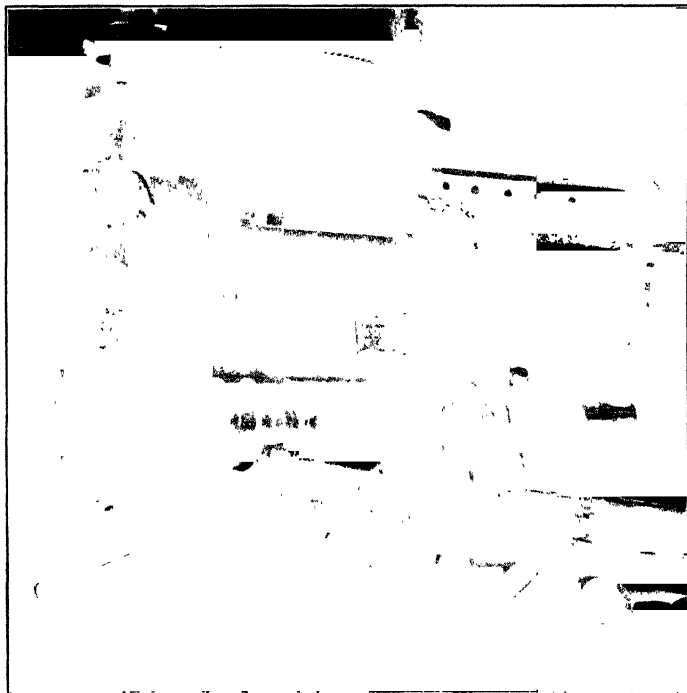
We have not yet stated just what production is. Man can not actually create goods. He can, however, create *utilities*, by which we mean the qualities that make the goods useful to him. He may take a tree from a forest and by various processes fashion the wood into a chair. While he is giving it this *form* utility, he is taking other utilities from it. The tree when cut down can no longer shelter the little birds or aid in preventing floods. Each step in the making of the chair tends to destroy the utilities which the tree once possessed.

But further creation of utilities is necessary before the chair is ready for consumption. It must be shipped by the manufacturer to the furniture dealer, who keeps it until a customer desires to buy. Thus the railroad gives the chair a *place* utility, while the dealer by keeping it until needed gives it a *time* utility, which it did not have before. All these people helped in producing the chair. And so we see that *production* is really the putting of utilities into material things.

If a primitive man produced many things, he would discover that he possessed more goods than he could use. So he would go to a neighbor who had goods of his own and try to make a trade. But this kind of trade was often found to have many difficulties and gradually, as we shall see later, the system developed which we have to-day. This uses gold and silver or some substitute for them as the means to bring about trades. The use of money or substitutes for it as a convenience in trading is known as *exchange*.

It has come to be so important that we usually think of it as a distinct phase of our industrial life.

Then there is another phase of our economic interests which we call *distribution*. This does not mean the transportation or marketing of goods, as we might at first think.



Courtesy of U. S. Steel Corporation.

ROLLING HOT METAL.

Tremendous pressure is put upon this white-hot bar. What utilities does this corporation create in its various factories?

It has to do rather with the division of the returns that are earned by those who have helped in production. How much belongs to the landholder for what the land has done? How much to the worker who has contributed his toil?

How much to the holder of capital who has saved it from his past earnings and put it to use again?

Formerly production was looked upon as the chief factor, and most of man's interest in economic discussion was centered upon it. All this is changed. Now distribution is being emphasized more and more. People are beginning to question whether all those who take part in production are being justly rewarded,—whether the laborer receives enough of the returns for his effort or whether the employer is getting too much profit at the expense of his workmen. Because we usually can not repay the workers by giving them a part of the goods they help to produce, the problem becomes still more complicated. Most of the social unrest of the day arises from the problem of distribution. We can easily see, therefore, the importance of this last feature of industrial life.

Why can not each worker be rewarded with a part of the product of his industry?

QUESTIONS

What elements are necessary to make up a nation? Why are not all nations equally great? What nations can rightly be called great?

Name and explain the three factors in industry. Give illustrations of each.

In what ways does land aid production? Point out the effects of natural conditions upon the industries of a district or city. To what extent is land controlled by private individuals? What benefits have come from private ownership of land? What harm? What evils often result from rented or mortgaged farms? What difficulties are connected with the assessment of property? with land titles? Explain *tenant farmer*, *zoning*, the *Torrens land title system*.

Describe the two methods of cultivating land. Where is each most common and with what kinds of crops? Explain the law of *diminishing returns*.

Why have our natural resources been so recklessly wasted? Give examples from both plant and animal life. What steps have been taken to remedy these evils? Just what is meant by *conservation*? By what means is waste land made usable? What were the

Homestead Acts and what was their object? Why do we have National Parks?

Show how each factor in industry is dependent upon the others.

Define the four phases of industrial activity.

Why is consumption said to be the fundamental factor in industrial life? How does consumption affect production? What do certain goods possess that makes man want them? Distinguish between *goods* and *utilities*. Explain the kinds of utilities. How may destruction create utilities? Mention five forms of activity that add utilities to certain goods. Distinguish between modern and ancient methods of exchange. What change has taken place in people's thought of the importance of these phases of activity? Why?

SPECIAL TOPICS

The Western Wheat Ranch.

Truck Farming in the South.

Why This Is a Great Nation.

How Nature Affects the Life of Our Community.

When Capital Was New.

The Story of the Buffalo.

The Imperial Valley.

The Everglades.

Great Irrigation Reservoirs.

Controlling the Mississippi.

Men Who Have Aided Conservation.

CHAPTER VII

PRODUCING THINGS

Strive and thrive. — Browning.

57. Stages of Industrial Progress. — The way we work to-day is far different from that of the first ages of man. All our ancestors, no matter where they came from, at some time in the history of the world lived in a crude, primitive manner. From this uncivilized condition, some peoples have advanced steadily through the various stages of development, until to-day they stand, as we think, at the very height of progress.

The very first stage through which man passed is known as the *hunting and fishing age*. During this time he was entirely dependent on the gifts of Nature. The herbs and fruits which grew wild, he used for food. From the hunt he supplied himself with food, shelter, and clothing, if they were all required.

He ate the flesh of the wild beasts and used the skins, either to make some kind of a rude tent or to clothe himself. In return he gave little or nothing. In fact he lived almost the life an animal. He simply took what existed and trusted his future to Nature.

The first great change took place when man began to tame and care for the once wild animals and the *pastoral age* began. He ceased to depend entirely on Nature. From his flocks he was assured food and clothing. He no longer struggled constantly for his very existence.

Larger groups of society were formed than existed in the hunting age and life became somewhat more intelligently

organized. When good pastures were found for the flocks, a settlement was made until these pastures were exhausted and then new ones were sought. And so the pastoral age found man living the life of a beast in the forests and caused him to advance one stage in the process of development.

After the pastoral age, came the *age of agriculture*. Man now began to settle down and to till the soil in order to supply his needs. At first the methods of farming were very simple and the soil was soon exhausted. But gradually great improvement was made in the manner of cultivating the land and the productive life of the soil was greatly increased. Thus the necessity for moving about became less, and still larger groups of society were formed. Even entire nations have been almost wholly agricultural.¹

The greatest change, however, came with the *manufacturing age*. At first simple hand implements were used in the manufacture of cloth and other goods. But gradually machinery was introduced to do the work. Advancement followed rapidly. Now



Bureau of Indian Affairs.

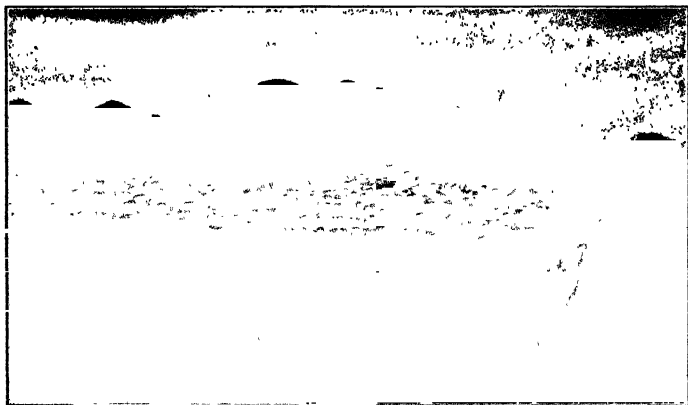
A SURVIVAL OF OLD TIMES.

This Indian is from Flathead, Montana, but his manner of living takes us back to the early stages of civilization.

¹ A peculiar kind of industrial and social order known as the *feudal system* prevailed in western Europe during the period which we often call the Middle Ages. Its life centered in the *manor*. This was an estate controlled by a *lord*, who usually had to recognize the authority of a baron or king over him. In return for the protection which this higher authority was supposed to give, the holder of the manor was under obligation to render various kinds of aid or service. The interests of the manor were chiefly

complex machinery run by electricity or steam does work never dreamed of before.

To-day we are living in what might be called the *capitalistic age*. This has developed directly from the rise of expensive machinery, which makes large-scale production profitable in our factories. A great deal of capital is needed,



TENDING THE SHEEP.

Courtesy of Forest Service.

On the National Forest Reserve near Flagstaff, Arizona. Permission is granted under certain conditions for such use of the Forest Reserves. Some things have to be done in about the same way as they were four thousand years ago.

however, to carry on this kind of production. This capital has by various methods been brought under the control

agricultural, though various other kinds of activity, such as blacksmithing, weaving, and the like, might be found there. Most of the people of the manor, other than the lord's family, were *serfs*. They were considered a part of the estate. When the title to the estate changed hands, the inhabitants went along with it. They could not, however, be sold off the manor as slaves. The feudal system arose because the large organizations of society and government had, for the time being, broken down, and some kind of order had to be established. When trade and manufacture began to develop again, towns grew up. Strong kings also arose. These influences and others reduced the importance of the feudal lords, and the system gradually disappeared. Traces of it, however, can still be seen in Europe in a number of ways.

of a few people, so that business competition has been partly destroyed and sometimes huge monopolies formed.

It must not be thought that each of these ages was entirely distinct from the previous ones. No precise dividing line can be found. Instead they were combined, not separated. As each race passes from age to age, it takes with it the activities of the earlier age and adds to them its new life.

This can still be seen in our own country to-day. Our fishing industry, although we employ better methods than man of primitive times, still is a direct inheritance from the hunting and fishing age. Our meat is the product of pastoral life, while our crops and other food supplies have resulted from agricultural life.

Illustrate as much of this section as possible from the life of the American Indian. Have all races advanced so far that they are in the capitalistic age to-day? Mention some that have. Do you know any that have not? If you do, in what age are they? If there is still another age coming, what do you think it will be? What do you suppose the people of the year 2021 will think of our civilization?

58. The Industrial Revolution. — Between 1760 and 1840 England passed through a tremendous change which sooner or later reached all other progressive countries. So far-reaching and thorough was it that it is known as the Industrial Revolution. Prior to this time, industry was indeed rather primitive. Manufacturing usually meant exactly what it means in Latin — making things by hand, although a few simple tools and some machinery were in use.

The manufacture of woolen goods was the principal industry of the day, while the iron trade was considered second in importance. Both the foreign and the domestic commerce of England were very small, nearly all of the local trade being carried on by traveling merchants. Labor and capital alike were hampered by the existing conditions.

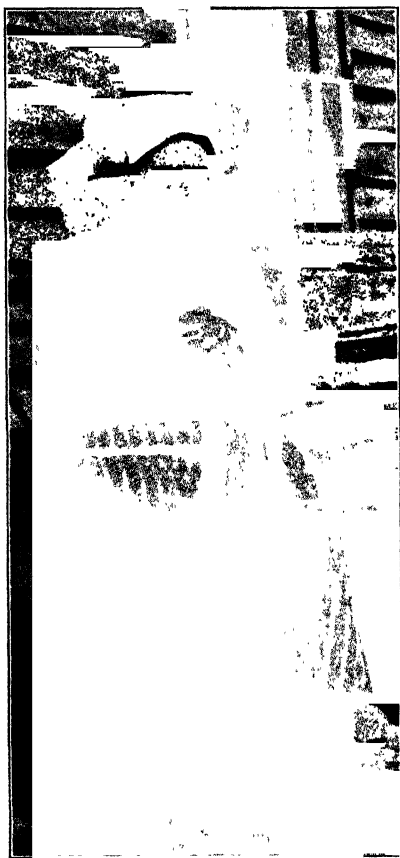
But about 1760 the change began. The direct cause of it was a series of remarkable inventions, which had a great

effect on the cotton and woolen industries of the day. The first inventions were made by Arkwright, Hargreaves, and Crompton. These three men succeeded in perfecting machinery which enabled the spinner to produce more yarn than could be woven into cloth.

But in 1785 Cartwright remedied this condition by inventing a power loom, which finally put spinning and weaving on an equality. Meanwhile another invention of great importance had been made by James Watt (1769). It was nothing less than the steam engine, which was first used in the coal mines.

With the increase in the output of coal, the iron industry grew rapidly and took on a new importance. Besides, important changes were made in the means of transportation. Canals were constructed between important places, the highways were greatly improved, and even railroad construction was finally begun.

A direct result of this Industrial Revolution

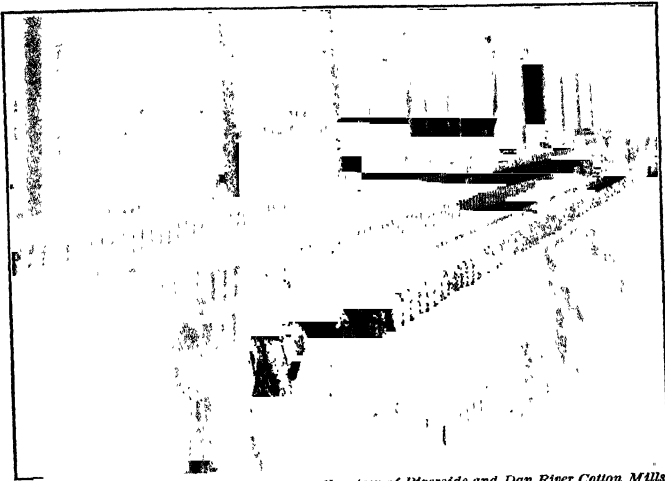


Copyright, Keystone View Co.

AS IT WAS DONE ONCE.

This old lady of Norway works in the same way that all such work was done before the Industrial Revolution.

was the growth of the *factory system*. The new machinery was very expensive. Consequently the ownership of capital gradually began to pass from the poor laborers to wealthy employers, who furnished the materials and tools for the work. Then, in order to bring about greater efficiency, it was found necessary to have a number of the machines in the same building and to divide the work among the



Courtesy of Riverside and Dan River Cotton Mills.

SPINNERS IN A MODERN MILL.

Imagine what cloth-making would be like to-day if we still had to spin as the old lady is doing it on page 110.

various classes of laborers. Thus gradually resulted the complex factory system of to-day.

While this revolution was taking place in England, the United States had gained its independence. Agriculture and commerce, however, were still our most important industries and we were forced to depend on England for our manufactured products. Gradually a spirit of industrial independence grew up and many attempts were made to promote the growth of manufacturing in this country.

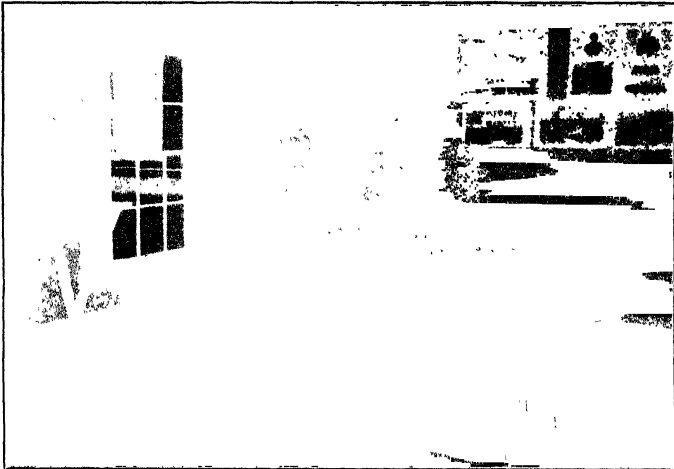
But without the English inventions, which were bringing about such great industrial changes, the American manufacturers could not hope to compete with their rivals. Moreover, England did not wish to give the United States up as a market for her goods, and consequently laws were passed forbidding both the exportation of any plans or models of their new machinery and the emigration of skilled workmen.

Nevertheless in 1790 Samuel Slater established a cotton mill in Pawtucket, Rhode Island, and in 1793 Eli Whitney invented the cotton gin. After 1808, when foreign trade was interrupted by the Embargo Act, American manufactures began to advance. In 1814, with the invention of a power loom and the construction of Francis C. Lowell's factory at Waltham, Massachusetts, equipped with machinery for both spinning and weaving, the factory system was really under way in America.

Since we had so much less manufacturing here than England had carried on, the introduction of new methods did not create the disturbance that it produced in England. Our "Industrial Revolution" was much less like a revolution and more like a gradual introduction of new methods. For a long time, too, farming was so much more important than any other one occupation that the changes in manufacturing did not mean so much to the entire country as they did in England. It was really not until after our Civil War that manufacturing took on anything like the importance which it has among us to-day.

59. Division of Labor and Its Effects. — In very early times it was absolutely necessary for every man to be a jack-of-all-trades. He built and furnished his own house, he provided the food which his family ate, and somebody in the family made the clothes which they wore. In fact, each family performed all those tasks which were necessary for its existence.

But as population increased, each one began to give more and more of his time and attention to that work which he could do best. Some devoted all their time to building, some raised farm products, and some made clothing. But still the village carpenter was able to perform all the tasks required in building. He did both the foundation work and the finishing work. He made the doors and the windows,



Courtesy of United Shoe Machinery Co.

THE COBBLER'S SHOP OF THE OLD DAYS.

The view is not so very old, either, for the pictures on the wall are Civil War scenes. This cobbler did everything that was to be done in making a pair of shoes.

and laid the floors. In fact, all the men of that time could perform all the operations necessary in their chosen work. This stage of development is known as *simple division of labor*.

But soon the operations of a single trade were divided among individuals or groups and *complex division of labor* resulted. No longer did the lone carpenter do all the work in the building of a house. Instead, one group of men would lay the foundation, another would do the finishing of the

home. This stage of development we see all about us to-day. When we build a house, we generally employ an architect, masons, carpenters, plumbers, plasterers, painters, paper hangers, electricians, and perhaps many others.

Complex division of labor has advanced to the extent of *specialization*. Even professional men now specialize. The village doctor, who formerly remedied every form of ailment, to-day may care for the eyes only. The lawyer may take only a certain kind of cases and the professor may teach Latin and nothing else. The workman of to-day, although he may perform a very important task in some great industry, still can not have quite the same feeling of satisfaction in his work that the workman once had when he alone produced an entire article.

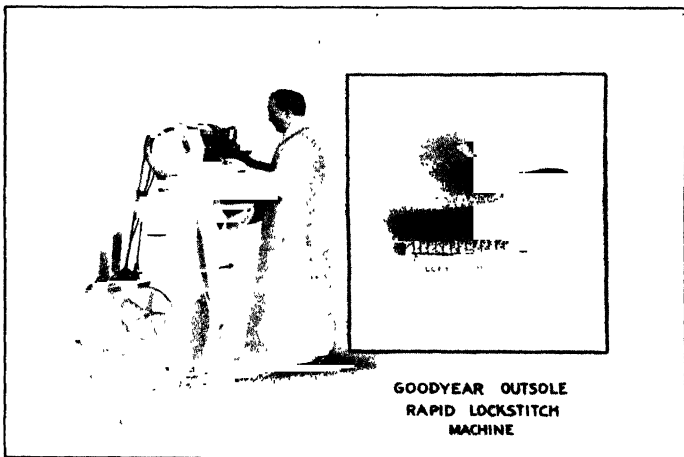
But division of labor has brought with it many advantages. First of all, it has increased production. When the miller himself ceased to plant and harvest the wheat which he ground into flour, and began to devote his time entirely toward producing flour at his mill, leaving the farming to some one else, naturally he could grind more flour and do it better than ever before. So it is with the workers in a large factory. By performing only a few simple operations, they learn to do these perfectly. Their efficiency is greatly increased and consequently production is more extensive.

Another economic advantage of division of labor is the fact that it often shortens the time required for preparation. We have seen that the carpenter of former times had to be able to perform every task connected with building. To-day, owing to the division of labor which has taken place, the employee in many a factory can quickly become skilled in the operation of some machine, and the employer no longer is forced to spend a great deal of time in training his workmen. Thus both are benefited.

Socially, division of labor also has its advantages. Among men who work together all day at some particular task,

there is a certain spirit of coöperation developed which could not exist otherwise. They cease to think only of themselves and begin to take a personal interest in their fellow workers.

Then, too, by organization the workers have gained such power that they can have something to say about the conditions under which they work. From this fact, in part, have come the shortening of the labor day and other changes



Courtesy of United Shoe Machinery Co.

SPECIALIZATION IN SHOE-MAKING.

This man and this machine do just this one small part in the making of shoes. Compare the cobbler's shop on page 113.

that, from the worker's viewpoint at least, bring great benefits. The result is that the laborer has more time for recreation and self-improvement, and consequently may become a real help to his community.

But all the results of complex division of labor are not so beneficial. Continuously repeating the same simple task tends to destroy one's power to undertake something new. The workman's intellect is stunted and his ambition lost,

since he can see no hope of securing a higher industrial position.

Besides, this division of labor is often the cause of class distinctions. It prevents the employer and employee from getting together, since each belongs to a class, which the other either can not hope or does not want to enter. And it sometimes enables one small group, which is dissatisfied, to tie up a whole industry by refusing to work. Other workers have depended upon this group to do a particular piece of work, and if that group fails, the whole enterprise has to stop.

Why was it that at first man performed all his own tasks? How was simple division of labor a benefit? Has complex division of labor advanced too far? Do you like to do the same thing over and over again in school? Would you like a job that required you to do that?

60. Special Products of Nations. — Just as division of labor has taken place among individuals and among certain groups of workers, so has it taken place among the different nations of the world.

What are the causes of this *territorial* division of labor? Improved methods in transportation have aided its development greatly. Formerly each country was forced to be self-supporting. But now that we have swift trains and great ocean steamers to unite all peoples, this need has been removed and nations of to-day can more safely specialize in that industry for which Nature has best suited them.

Nature, then, is largely responsible for the territorial division of labor as it now exists. Climate, soil, mineral deposits, water power, and other natural resources decide, to a great extent, what the industry of a country shall be. Some countries are best suited for agriculture, others for manufacturing, and still others for mining. Each nation produces something which aids the others.

The important effect which natural resources have on the industries of a country can be seen in considering the prod-

ucts of different nations to-day. England, owing to its island situation and mineral deposits, has developed into a great commercial and manufacturing country. France and Italy, with their own peculiar soil and climate, produce the best wines and the finest silk that the world knows. Russia is noted for its great production of wheat, Germany for its chemicals, Brazil for its coffee, and Japan for its tea. Cuba



Central News Photo Service.

GATHERING COFFEE IN COSTA RICA.

This is one of the crops which can grow only where the climate and soil are just right.

supplies sugar in abundance and our own United States, with its many diversified resources, is noted everywhere for its cotton, wheat, and meat, as well as for manufactured articles in great variety.

To-day it is almost impossible for any nation to exist alone. We need the products of other countries and they in turn need ours. Perhaps our own country would come as nearly as any to being able to look out for itself, but even

we should find great inconvenience, to say the least, if we were wholly cut off from trade with the rest of the world.

Is it good for nations to be thus dependent? Why? Mention some other countries which have their own special industries. What effect would it have upon the United States if every other country refused to sell us anything?

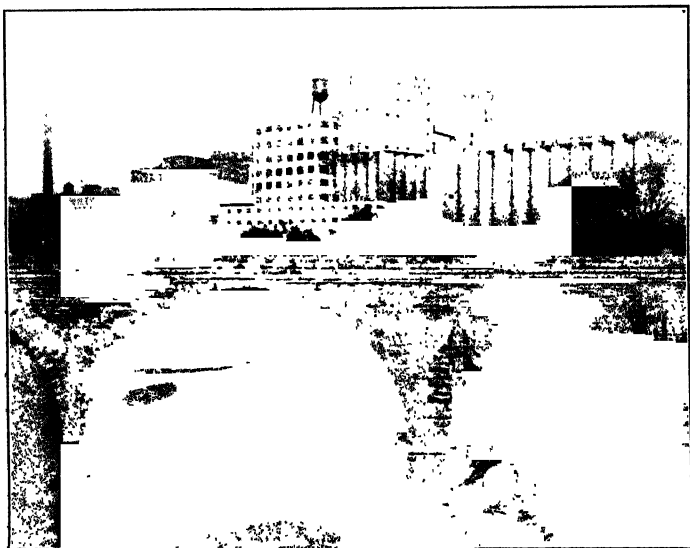
61. Communities That Specialize. — Just as each country has its own particular industries and exchanges its products for those of other nations, so the different sections of a single country may specialize in a certain industry and supply the needs of other people with their goods. This specialization of communities is perhaps more noticeable in the United States than in any other country, owing to the varied natural resources which it possesses. This "localization" of industry usually does not exist to-day by mere chance. There are many reasons for it.

(1) The nearness of raw materials such as ore, fuel, and the like tends to attract manufacturing industries to a certain locality, since it is generally less expensive to ship the finished product. Coal is abundant in western Pennsylvania and iron ore was at one time. Hence Pittsburgh naturally became the greatest iron and steel center in the world. Both coal and iron ore are found in Alabama in great abundance. Consequently in this state the iron industry flourishes and Birmingham prides itself on being the "Pittsburgh of the South."

In the same way a great supply of lumber drew such industries as papermaking and shipbuilding to Maine and New Hampshire, while it brought furniture makers to Michigan. Cotton manufactures are now developing rapidly in the South near the fields where the plant is grown. The meat-packing industry has sprung up in the Middle West, not being far from the Great Plains where the cattle are raised. Over nine-tenths of the meat business is centered in Chicago, Kansas City, St. Joseph, and Omaha. Indus-

tries are inevitably begun where there is easy access to the raw materials needed.

(2) Nearness to market is another desirable feature in establishing an industry. For this reason the greater part of the manufacturing of our country was always done in New England and the Middle Atlantic states. The greatest population was there, when manufacturing began, and so



THE PILLSBURY FLOUR MILLS.

These mills in Minneapolis are the largest in the world. What special advantages does their location give them?

were the leading ports from which the goods might be shipped abroad.

As our people have moved westward, the manufacturing industry has gone along with them, for manufacturers would always be able to find people to buy their goods, unless other conditions positively forbade the establishment of the industry. This need of having the consumer near at hand is,

however, no longer so important. It is now easy to transport goods a long distance. All the sections of a country can now draw upon almost all the others for the things that they need.

(3) Waterways and water power also play an important part in the localization of industry. Owing to their positions on important rivers, St. Louis and Cincinnati became flourishing cities. The success of many cities on the Great Lakes is due entirely to their favorable positions. Water power was an especially important factor in earlier days, and was the cause of the success of many New England towns, like Manchester, Lowell, and Lawrence, which are still prominent in manufacturing.

(4) Climate and soil, too, must be considered in this localization of industry. Owing to the warm climate and fertile soil of our southern and southwestern states, agriculture became the chief industry. In some sections it was found most profitable to raise cotton, in others fruit, and in still others grain. For the same reason agriculture on a large scale did not thrive in the New England states, with their cold climate and rugged soil. They are now forced to depend largely on other sections of the country for their food and plant fibers.

(5) In order to carry on any industry there must be a large supply of labor at hand. Manufacturing especially tends to grow up where laborers are plentiful. This is another cause for the rise of manufacturing towns in New England. The farms there were poor and small, and required few workmen. Consequently many men flocked to the nearest city or town to seek employment. Thus the manufacturing industry was made easy. The same is true of other sections, as where the making of iron and steel products predominates. A great supply of labor is necessary, and industries in order to prosper must be located near it.

(6) But the localization of industry in some particular city is sometimes more a matter of chance, in that an in-

dustry just happened to get started in a particular town. The place became noted for that industry and other people went there to engage in it, either to get employment or to make use of the reputation of the place to advertise themselves. Lynn and Brockton are the most important centers of the shoe industry. There is no particular reason why this should be so, except that some skillful shoemakers settled there and started a small business, out of which grew the industry as we know it.

The same thing is true of Troy, New York, which produces three-fourths of all the collars and cuffs made in this country. Detroit is known the world over for its automobiles and Akron for its rubber goods. Philadelphia excels in the manufacture of carpets in this country. The position of these places is the result of an early start.

When this start has once been made, an industry does not tend to move about but rather remains fixed. For this reason Massachusetts still exceeds all other states in the production of cotton goods, even though the raw materials are much nearer to the southern mills. Likewise East Liverpool and Trenton still excel in the making of pottery, though the fine clay used has to be transported from distant places.

Can you think of other conditions which might bring about the localization of industry? Which do you think is the most important factor in localization of industry? Why? Does this localization of industry make it possible to carry it on to better advantage? How? Is it good for a country? Why? Does your community have some special industry? Why? What does your community do for other communities?

QUESTIONS

Name the stages of industrial progress. What are the chief characteristics of each? Compare the extent to which land, labor, and capital were used in each one. How did the Industrial Revolution start? What changes were brought about by it? Compare the industrial change in England and in the United States.

Explain *division of labor*. Trace the steps in its development.

What good results have come from it? What bad effects? Show how and why nations specialize. Explain the *localization of industry*. Give reasons why this has occurred, with examples of each.

SPECIAL TOPICS

Life in the Days of the Cave Man.

The Life of the American Indian.

Factories in the Early 19th Century.

The Story of Watt and His Contemporaries.

Eli Whitney and the Importance of His Work.

The Manufacture of Shoes.

The Industry of Troy (or Akron, or Detroit, or Pittsburgh, or some other place).

The Industries of Our Town and Why We Have Them.

CHAPTER VIII

MODERN BUSINESS

Nothing is good work except the best that one is capable of.
— Cabot.

62. Factories and Their Effect. — We have already seen that the Industrial Revolution with its many inventions was the real cause of the growth of the factory system. Up to that time the home was the center of all industry. The spinning, the weaving, and even the making of the garments were done here.

But industry entirely changed with the new inventions. Complex machinery could not be installed in the home. Consequently great factories were built that produced not handmade, but machine-made goods.

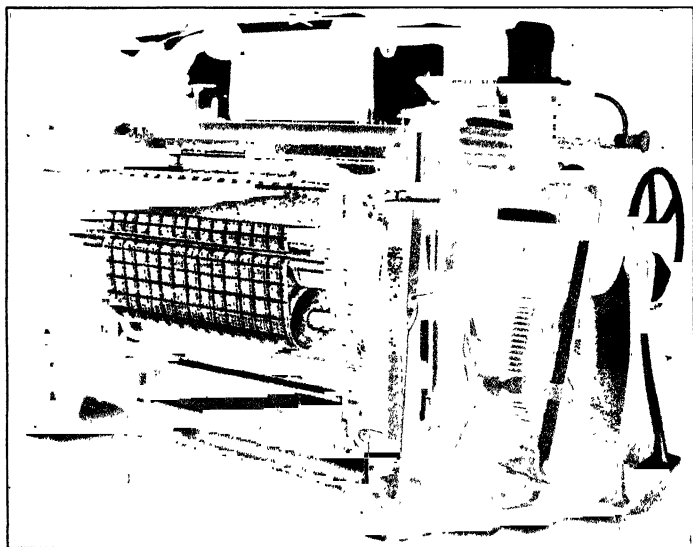
Factories have brought with them many advantages. By increasing the output of goods, they have greatly reduced the cost of production for a single article. Articles which were formerly produced in the home with a great deal of care and expense can now be manufactured very easily in the factory. Lower prices result and the people as a whole benefit.

Then, too, a uniform quality of goods is produced in the factory of to-day. Formerly one man might be more skilled in weaving cloth than his neighbor, and consequently his goods would be in greater demand and bring a larger price. But this has been changed. Under ordinary circumstances all the cloth turned out by a certain machine has the same quality.

The factory system has also brought with it a decrease in the cost of labor required to produce some articles, but at the same time with this reduction has come an enormous

increase in the cost of capital, such as machinery and workmen's tools.

Then, too, the factory system has been a great cause of the growth of our large cities and towns. It brought the people together in certain districts and forced them more and more to depend on others to produce most of the things



A MODERN LOOM.

It takes only one person to operate this machine.

which they want. The cities could not exist without the country to feed them. Pittsburgh makes steel for the skyscrapers of New York, but New York sells to Pittsburghers many of the clothes which they wear and the books which they read.

But the factory system has also its disadvantages. At first the chief disadvantage was the fact that many skilled laborers were thrown out of work by the introduction of the new machinery. But this condition is no longer very

troublesome. It takes only a little while to get workers acquainted with new equipment, and if the product is made and sold more cheaply by the new method, the demand for it is likely to be so much increased that just as many workmen as before are needed to produce it.

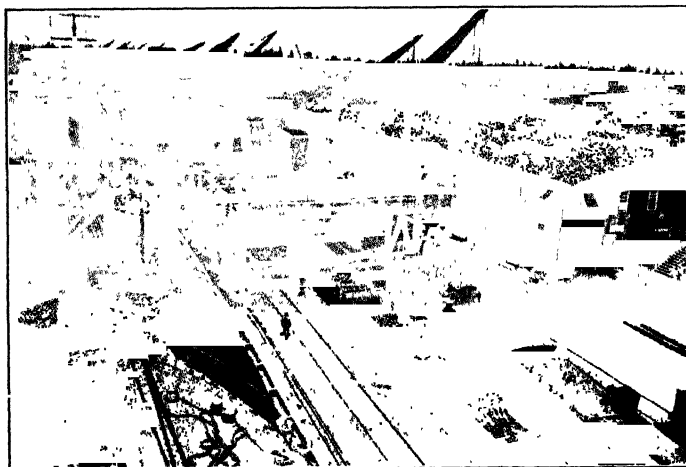
The factory system, however, still presents some serious problems. There are the evils of child labor and the dangers of unguarded machinery and poor ventilation to be considered. Besides, the crowding of workmen into large cities results in conditions which encourage vice, disease, crime, and discontent.

If you have ever visited a factory, what did you think of it? How would you like to work there? If you know people who work in factories, ask them how they like it, and why. Has the factory system as a whole been harmful or beneficial?

63. Capital and Its Importance. — We have already seen that *capital* is any product of past labor used in further production. We also know that it is indeed a vital part of all industry and that no business of to-day can get along without a great amount of it. Formerly this was not so. Capital then existed only in small amounts. The rude bow and arrows of the Indian, who roamed about in our forests killing the wild animals so that he might have food and clothing, were really forms of capital, since, no doubt, he had fashioned them himself and was using them in further production. But as civilization increased, capital began to play a more important part in industry, until to-day it is necessary in carrying on any kind of activity.

But what things are really capital? A man's personal qualities, such as honesty or truthfulness, we do not reckon as capital, since they can not be expressed in definite terms. Only material things produced by industry can be included in this class. But these material things must be used in further production. Office buildings, machinery in the factories, a workman's tools, the railroads, and even money, when it aids in producing more wealth, all are capital.

The persons then who own these things are really capitalists. Few people seem to realize this fact. The capitalist is commonly looked upon as some rich, miserly man, who is trying to increase his own wealth at the expense of his workmen. How untrue this idea is! The laborer who owns one share of stock in the great plant is really a capitalist. The workman whose tools are his own is a capitalist, and so are many



Courtesy of Brown Hoisting Machinery Co.

HOW CAPITAL SAVES LABOR.

All these hoisting machines were not exactly engaged in "further production," for they were being used by our government to unload war supplies at the army docks in France. But think what an enormous number of men it would have taken to do the work of these machines.

others, who never think of themselves as such. In fact this country is full of small capitalists. Perhaps if every one realized this, there would be fewer disputes between what we now term capital and labor. What is needed is coöperation and good feeling, if industry is really going to prosper.

Capital serves society in a very real sense. Suppose a railroad uses capital to construct a driveway under its tracks instead of having wagons or automobiles cross the tracks,

and keeping a man there all the time with a flag to warn people about crossing. The railroad is recompensed by not having to pay the flagman's wages and by being able to run its trains more freely and swiftly at that point. But society is also better off. The flagman can now work at something that is really of more use, and people who ride under the tracks go much more safely and conveniently than when the road and the tracks crossed at grade. Very seldom does the investment of capital in actual business fail to help the public somehow.

What has caused capital to become so important? Is money in the bank a form of capital? money stored away in an old box? Why? Are you a capitalist? How? Is it good for a country to have many capitalists in the sense in which we have used the word? Why? Could capital be used more than it is in street cleaning, ditch digging, and the like?

64. Ways in Which Business Is Conducted. — No business will run itself. To be successful it must be under efficient management of some kind. To meet different conditions we have various forms of business organization.

The simplest form of management is often known by the French term *entrepreneur*. Sometimes we call it *single proprietorship*. The business is owned entirely by one man, who holds all the responsibility. All the profits are his, unless he chooses to share them with his employees. Likewise he must bear all the burdens of loss, if his business is unsuccessful. This method enables the industry to be carried on in a uniform way. There can be no disagreement about the best way of doing things, for a man as a rule does not disagree with himself.

This system is, no doubt, the best possible one for a small business organization, but difficulty soon begins if the industry becomes large. One man finds trouble in attending to many small details. For this reason we have the other forms of organization which are in existence to-day.

In order to divide the responsibility of a large business,

sometimes two, three, or even more persons may form a *partnership*. Each member contributes something toward carrying on the work. One may give his money, another his time, and still another his experience. All are necessary if the enterprise is to be a success. Then if profits are made, each receives his share, and if the result is failure, the loss is divided among them.

This method, however, has its disadvantages. Each partner is liable for all the debts of the business. There is



Courtesy of Swift and Co.

WHERE A GREAT INDUSTRY BEGAN.

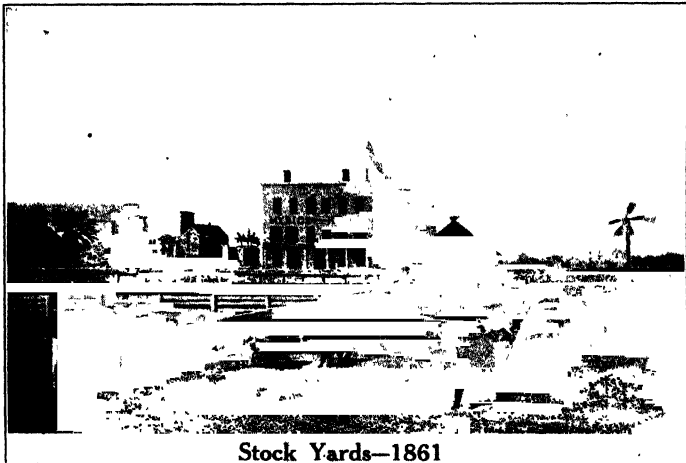
Somewhat more than sixty years ago, the founder of the meat-packing firm which furnished this picture started business at Barnstable, Mass., on a capital of \$20.

always the chance for disagreement among the partners and if one member should die the business must be reorganized.

The best way to carry on an extensive business is to form a *corporation*. To do this, a charter must be secured from the state government. In some states this is a very easy task, while in others there are strict laws about organizing corporations. This charter states the kind of business the corporation may carry on and authorizes it to issue stock. The stock is then sold to various people who become inter-

ested in the business, and the profits are divided among these stockholders. In most cases a board of directors, with a president and other officers, is elected and this organization is responsible for the management of the business.

The advantages of the corporation are many. It makes possible the investment of the money of many people in one activity and secures their interest in it. It possesses all



Stock Yards—1861

Courtesy of Swift and Co.

A SECOND STAGE IN THE MEAT BUSINESS.

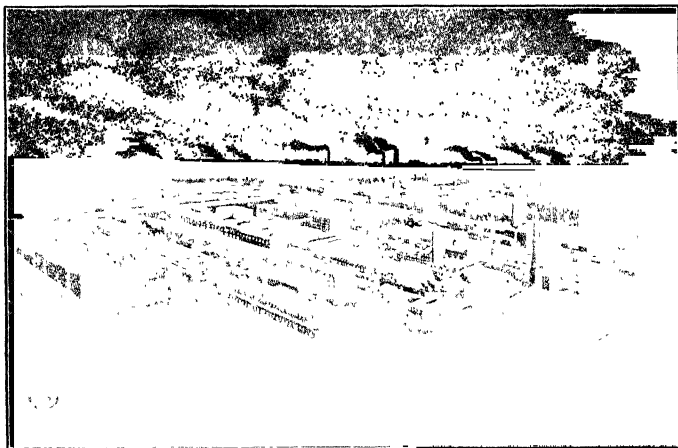
These stock yards helped to supply the wants of Chicago people for fresh meat, but no attempt was made to ship it to other parts of the country until the refrigerator cars came into use.

the powers and privileges of an individual before the law. Besides, its existence is permanent, since the business is not generally affected by the death of a stockholder, or even of an officer. As one man put it, "corporations never die." A stockholder is not liable for the debts of the corporation, as a partner is in a partnership.

When it was found that the corporation was such a success, some people decided to try still further combinations. Ac-

cordingly the *trust* was formed. Under this method several corporations that were engaged in the same industry turned their stock over to a joint committee of "trustees." These men then became the real managers of all the corporations which they represented.

Several other ways of securing the same object have been undertaken. Sometimes a new corporation was organized



A GREAT MEAT-PACKING ESTABLISHMENT.

The Chicago plant of Swift and Company. They also have plants at Kansas City, Omaha, St. Louis, St. Paul, St. Joseph, Fort Worth, and Denver. They employ all told over 50,000 people, and, collectively, can dress, on the average, 88 animals a minute or one in two-thirds of a second.

which was to do nothing else than to own enough of the stock of several corporations so that it could dictate the way in which they should be managed. This was known as a *holding company*. Sometimes, too, the same men would own stock in different corporations and by some means get themselves elected to the board of directors of several of them. Then, of course, they could manage all the corporations with one particular policy in mind. This scheme is commonly called an *interlocking directorate*.

The object of these combinations was to secure control of the production of certain articles and thus be able to regulate prices. But the trust was not always as successful as it was expected to be. It was often found too big and unwieldy to be carried on to advantage. Besides, people feared that if a trust were successful it would have so much power as to be dangerous to the public. So laws were passed by Congress forbidding such combinations. Trusts are not a very common form of business organization to-day. There are many corporations which do an enormous business, but we must be careful not to think that bigness alone makes a trust. Neither do the words "trust" and "corporation" mean the same. The trust is a combination of corporations.

Which form of business organization do you think most numerous to-day? Why? Make a list of the business houses which you know, classifying them as described in this section. Which do you think the most efficient? Why do you think the trust was not as successful as expected? What is the popular opinion concerning a trust? Why is this so? Could there be a trust formed to control something that was not produced on a large scale? Is it better for a young person just starting out in the business world to be connected with a large or a small establishment?

65. Large Scale Production. — As a natural result of the factory system has come *large scale production*. Such production requires an enormous amount of capital and labor, besides efficient business organization. Formerly most of the work in industries, as we have noticed, was done by means of simple hand tools. Not so in the large scale production of to-day. Complex machinery, run by steam or electricity, has now replaced the old muscular energy. But as these mechanical appliances can not be obtained for nothing, vast sums of capital must be centralized in the hands of a few men.

The development of large scale production in the United States has been rapid. In no way has it been confined to one industry, but rather has spread to all the leading industries in the country. It has many advantages.

Particularly, it lessens the cost of production. This is brought about, in the first place, by the use of the most modern machinery, as we have already seen in our study of the factory system.

Another way this is accomplished is through the control of raw materials. Many industries that carry on large scale production possess the control of their product from the time



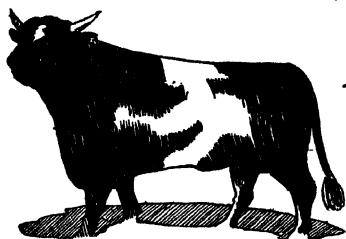
Courtesy of U. S. Steel Corporation.

IRON-MINING IN NORTHERN MINNESOTA.

The U. S. Steel Corporation owns these mines, the cars and boats which carry the ore, and the factories where it is converted into useful forms.

it is raw material until it emerges finished. This may be seen in some of our great steel works of to-day, that control not only the ore and coal required but even the boats and trains which transport these raw materials. The Heinz Company, makers of pickles and preserves, have their own olive groves in Spain. When every operation is controlled by the same company, the whole process of production is consequently carried on as cheaply as possible.

BEEF vs. SHARK



Average Weight 1200 Pounds
Cost to Packer per cwt. \$14.50

WILL PRODUCE

FROM HIDE

Leathers
Heavy leathers—Soles

Glues
Hair for plaster

FROM FLESH, SINEWS, ETC.

Meats
Fresh—Canned—Pickled

Oils
Lubricating—Illuminating
Oleo

Glycerine
Medicines—Explosives

Greases
Soaps—Lubricants
Tallow

Glues
Sandpapers—Emery cloth
Flake glues—Liquid glue

Gelatines
Edible—Inedible

Meals
Flesh—Blood

Fertilizers

FROM ENTRAILS

Casings, sausage
Instrument strings
Gold beaters' skin
Drum heads

FROM BONES AND HOOF

Glue and its by-products
Bone meal
Knoctfoot oil
Battens
Pipe stems
Knitting needles
Combs
Hair pins, etc.
Fertilizer



Average Weight 1200 Pounds
Cost to us per cwt. 20c

WILL PRODUCE

FROM HIDE

Leathers
Finest hid to heaviest soles

Glues
Oils
Natural abrasive

FROM FLESH

Shark steaks
Fresh—Salted

Oils
Lubricating—Illuminating
Flesh—Head

Glycerine
Medicines—Explosives

Greases
Soaps—Lubricants—Tallow

Glues
Sandpapers—Emery cloth
Flake glues—Liquid glues
Printing press rollers

Gelatines
Edible—Inedible

Meals
Flesh
Fertilizers

FROM ENTRAILS

Casings, meat
Instrument strings
Gold beaters' skin
Drum heads
Liver Oil
Medicines
Tanning, etc.

FROM BONES, FINS & TAILS

Glue and its by-products
Bone meal
Refuse oil
Teeth (ornamental)
Fin meat (delicious)
Tail meat (delicious)
Fertilizer

Then there is the advantage which comes from the utilization of by-products. By-products are the waste of an industry — that is, that part of the raw material not needed in making its main product — and formerly were considered useless. But to-day by special processes these are converted into useful articles. The great western packer uses the bones of the animals to make combs, brushes, fertilizers, and glue. The fats are used in the preparation of soap and other toilet articles, the hides for leather. In fact, "every part of the hog is used," it has been said, "except the squeal."

The picture on the previous page is a copy of an advertisement of a firm which wished to interest people in the manufacture of the by-products from the shark. What a list of unexpected articles can be made from the ox and the shark!

This same utilization of by-products is seen in most other industries. The development in the cotton-seed oil industry especially has been great. At one time the cotton-seed was thrown away as being entirely worthless. Then people began to feed horses with it, and to-day we use it even in table food. Large scale production, then, by making such use of the by-products of an industry, has succeeded in greatly increasing the profits of the business.

Still another advantage of large scale production is found in the greater efficiency of the work done. Minute division of labor has naturally resulted, and we all know that it brings with it highly specialized skill along a certain line of work. Every worker does one thing and does it well and quickly.

Besides, the large amount of money available from large scale production enables industry to carry on extensive experiments which a small producer could not afford to make. It also aids the producer in securing foreign markets for his products. Both of these advantages are of great benefit to any industry. Besides, through its thorough organization it can spend money more economically in advertising. Sometimes it even has different factories in various parts of the

country, each one doing some part of the business for which its location gives special advantages.

But large scale production may also have its disadvantages. An extraordinary amount of power is given to a small group of men by allowing so much capital to become concentrated in their hands. The results may be good or bad, depending entirely on the character of the men. This power may be used to crush out all competition or to try to secure special privileges from the government.

Likewise the benefits of decreased cost of production may be enjoyed, not by the community, but by the great capitalists themselves, in the form of enormous profits. The corporation seldom will reduce its prices any lower than is necessary to get business, no matter how much they save by improved methods of production. Such results are harmful to the people as a whole.

Then there is the danger that an industry, conducted on a large scale, may become too large and consequently hard to manage. Besides, as we noticed in speaking of the factory system, social and economic problems arise, especially from the crowding of many workers together in one place and from the lack of personal interest between the employer and employee. These disadvantages, however, are not inevitable. They may be remedied if all people interested in an industry will cooperate and consider the interests of others as well as their own.

What factors have helped in making large scale production possible? Can you think of any other advantages that may come from it? Could modern society exist if production were still carried on on a small scale? Is the consumer benefited by the use of by-products? Mention some large scale producers whose names are familiar to everybody, and observe how far the statements we have made apply to each of them. Will all kinds of production be ultimately conducted on a large scale?

66. Efficiency in Conducting Business. — By efficiency in conducting business we mean securing greater and better

results with the use of as little labor and capital as possible. Any business in order to succeed must be carried on in an efficient way. Large scale production has aided greatly in making such management possible.

We have already seen the distinct advantage of a favorable location for an industry. Formerly industries were scattered far and wide over the country almost by chance. If some one felt like starting a new industry in the town where he had always lived, he might try to establish it there, whether the place was fitted for it or not. But now, in order to secure the greatest possible efficiency, the location of an industry receives a great deal of thought. Nearness of a suitable supply of labor, easy access to the raw product and to the supply of power to run the machinery, and favorable distributing facilities, all are considered to-day by the manufacturer who would carry on his business efficiently.

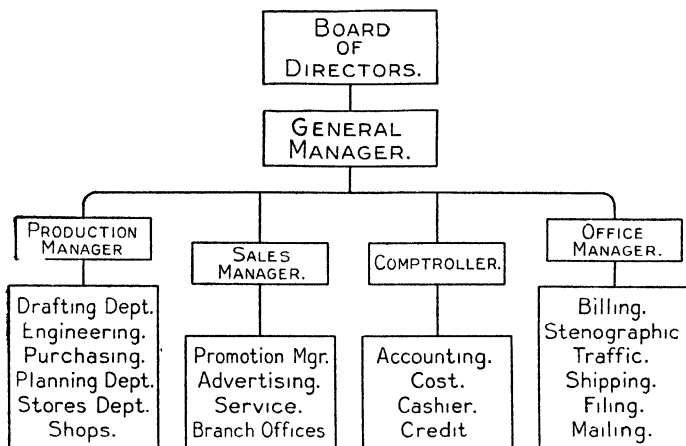
Then, too, we know that every industry to-day must have a sufficient supply of capital. Without a factory equipped with the latest machinery the manufacturer can not hope to conduct his business in a way that will enable him to compete with other manufacturers.

After selecting a favorable location and securing the necessary capital, the factory must be thoroughly organized. The stockholders in the corporation, as we have seen, elect a board of directors and these in turn appoint a president and other officers. The choice of these officers is of great importance, since on their decisions rests the entire business. Each one has his own special part of the work to oversee and has under him many men whom he directs.

But even after the business has been so organized, there is still room for improvement in many ways. And so the principle often called *scientific management* has been developed. Under this method a close study is made of all the work of production, even down to the individual motions of the workman. Wherever wasted effort or useless motions are noted, attempts are made to alter them. Sometimes the manner

of handling the tools is changed, sometimes the design of the machine is altered. The workmen are then trained in these perfected methods and may be encouraged by the offer of better pay for their effort.

Undoubtedly scientific management, when properly carried out, results in the greatest possible efficiency, since all waste



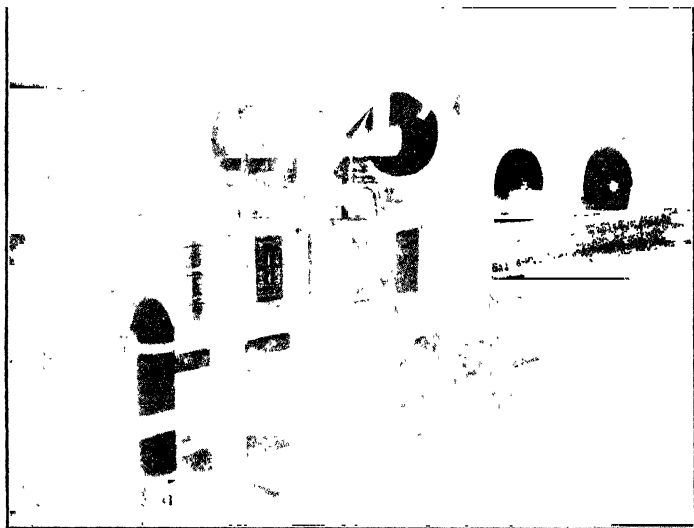
OVERHEAD ORGANIZATION IN A LARGE BUSINESS.

This diagram illustrates the way the managing side of one business is planned. The Board of Directors elect a General Manager and expect him to have a general oversight of the whole business. He divides the administration into four departments, each with one man directly in charge, and these are organized into divisions or bureaus. You can probably tell from the names of these departments and divisions the particular kind of work which each does.

effort is eliminated and the best possible working conditions are provided for the laborer, who is then willing to do his best work. The ordinary workman, however, unless the whole thing is fully explained to him, is likely to look upon it as simply another means by which his "boss" is trying to get everything possible out of him. He seldom takes kindly to the idea, at least when it is first proposed.

The "chain stores" of to-day are good examples of effi-

ciency in conducting business. Of course even in them there is waste, but it is indeed small when compared with the waste in most of the small stores. Chain stores, such as the "A and P," buy in enormous quantities and consequently buy cheaply. They also manufacture many of the products which they



Courtesy of Shredded Wheat Co.

MACHINERY THAT IS ALMOST HUMAN.

This machinery is sealing the packages of the food product which is made in this factory. It is remarkable how many features of the manufacture of this product and others are done more carefully by machine than human beings could do them.

sell. Besides, they reach a much wider market and there is no chance of their goods not being used.

Such is not the case in the small country store. The owner can not have a large stock of goods, for his customers are not numerous enough to buy great quantities. If he buys too much of some commodity, his loss may be great, and so he is forced to limit his stock. Hence his customers have difficulty in satisfying their wants and prefer the large city store

or the "mail order" house, where all their needs may be met.

And so we can easily see that with large scale production comes greater efficiency. Greater efficiency means a decreased cost of production. Even the country grocer can adopt the principle of efficiency, and the more attention it receives the greater will be the returns of the industry, whether it is country-wide or limited to a little rural community.

Why is the location of an industry important? How do people generally get the capital to start an industry? Do you think it desirable to have a detailed factory organization? Why? What is your opinion of the method of scientific management? Is it good for the worker? How? What do you think of chain stores? Is it desirable to have them? What locations are most suitable for them? What is the effect on small storekeepers? Is this right? Do mail order houses provide as high quality of goods as the local stores? Assuming that they do, should a person patronize them? Is it true, as it is sometimes asserted, that one's duty is to spend his money at his home stores, even if he has to pay a little more for the goods that he buys? Is money wasted in advertising? Which does the most good, window display, circulars sent through the mail, or newspaper advertising?

67. Monopolies. — Where one person or a group of persons gains control of a certain commodity so as to regulate the quantity that is produced and fix its price, we say that a *monopoly* has been formed. Monopolies may be classified under five heads: government monopolies, private legal monopolies, monopolies of situation, monopolies of organization, and personal monopolies.

(1) In our country the post office is the best example of a *government* monopoly. Uncle Sam takes complete charge of it himself and sees that he has no competitors. Italy controls the sale of salt to the people, and some countries, such as New Zealand and Prussia, operate their railroads entirely. Private individuals are forbidden to engage in these enterprises in such countries.

(2) *Private legal* monopolies are granted by governments in the form of patents, copyrights, or franchises, good only for a limited time. It is only right that a person who has made an invention or has done something else just as worthy should get a reward of some kind, and so we permit him to control his product for a certain length of time and then give it over to the public as a whole.

Look up and explain patents, copyrights, and trade-marks.

(3) We have also the monopoly of *situation*, which is the result of controlling the only location where the business can be carried on successfully. A railroad company may possess a certain stretch of land or mountain pass peculiarly suitable for a train route in that section of the country. By owning this most favorable location, the company excludes competition and enjoys a real monopoly.

(4) A monopoly of *organization* is formed when all those who are engaged in a certain business are brought together into a union of some kind. Many labor unions of to-day are good examples of such an organization. By banding together, the workers are able to control the supply of labor and exercise an influence which otherwise would be impossible. The trust is also an example of this kind of monopoly.

(5) Another form of monopoly, which is not as likely to be dangerous as some of the others, is known as *personal*. Such a monopoly exists when an individual is the only one in his community who engages in a certain activity. The people then must either accept his services or do without. The doctor, the photographer, or the blacksmith in a small country town may enjoy this kind of monopoly. But since they must do reasonably good work in order to prevent somebody else from coming in and getting the business away from them, the public interest commonly does not suffer greatly.

All these monopolies have their advantages and disadvantages. When a corporation controls entirely the production of a certain article, naturally the cost of production may

be decreased greatly, while the price of the product may become lower and more uniform. Besides, all the savings that result from large scale production are made use of by the monopolist and thus he can serve the public better. Often it is most desirable for one company to have control of some public convenience, as the telephone or the street railway. Two or three street car companies running lines in one section of a city would be exceedingly undesirable. Probably none would be run well and within a year no doubt all would have failed. And so it would be with the telephone if we had numerous private companies. You can imagine the inconvenience of wanting to call a friend and finding that his 'phone belonged to a different company from yours. Monopolies may sometimes be of great benefit to all in many ways, if properly administered.

But, on the other hand, there is great danger to the public in the centralization of so much power in the hands of a few men, who may use it to prevent competition and make unreasonable charges upon the people. Especially is this harmful in the case of the real necessities of our social and industrial life to-day. If some corporation controlled the production of all the shoes made in this country, it could put the price at the point which would bring it the greatest possible revenue. Then when any one tried to enter the shoe business as a rival, it could reduce the price low enough to make the business unprofitable for him, and after getting rid of him, put the price back again to its former figure. When a monopoly can so control the price of an article which is of real need to the people, it has indeed become a menace to society and should be restrained in some effective way.

Many people to-day think that the monopolist always sells his goods at an enormous price. But this is not true. He sells them at that price which brings him the greatest returns, whether it be high or low. If a soap maker finds that by selling his soap at ten cents a cake he sells so many more cakes

that he makes twice as much altogether as he would by charging twenty cents, naturally he does not charge the higher figure. Demand must be considered in determining price. It will probably cost him much less per cake to make 100,000 cakes than it would 20,000, for example, and so he would be better off if he made a smaller profit per cake on a large number of sales than a higher profit on fewer sales.

Besides, there are other limitations which prevent the monopolist from charging unreasonable prices. The possibility of competition, which we have mentioned, is of some real service. If a monopolist makes his prices exceedingly high, others may be tempted to enter the business and may make profit from it. So it is the aim of the monopolist to keep his prices just low or high enough to discourage others from engaging in the same business.

Monopolists must also consider the power of substitution. Usually as the price of a certain commodity rises the people cease to use it and instead take something else, which is not so expensive. The high prices and limited supply of many things during the war taught us the use of substitutes, and even to-day the monopolist has much to fear from this source.

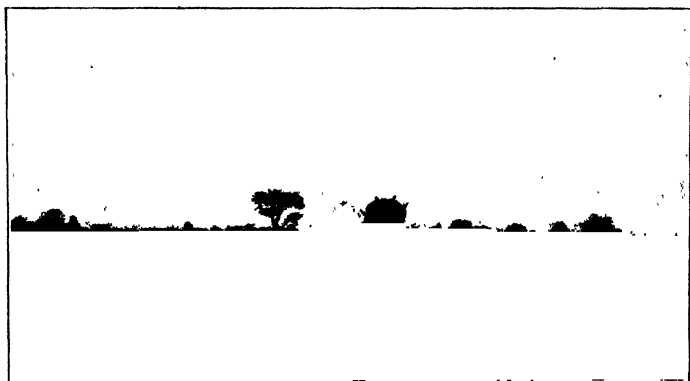
But when both competition and substitution fail to regulate a monopoly, the people are forced to turn to government regulation. By making and enforcing laws restraining monopolies huge profits can be cut down and unfair practices stopped. We have probably not gone so far in this direction as we are likely to go.

It used to be a common saying, "Competition is the life of trade." Is this true? Why? How does a monopoly come into existence? Is a monopoly of necessities good? What may be its effect on the people? What are some of the wastes which come from competition? Can these be removed? Do monopolies always succeed? Does a monopolist need to advertise?

68. How Industrial Changes Have Affected the Farm. —
Most of our illustrations and discussions so far have con-

cerned manufacturing or some related industry. Lest we should think it is only in these lines that progress has been made, let us notice a few of the developments which agriculture has experienced.

In medieval times the methods of farming were indeed very simple. Neither education nor preparation of any kind was required. The crude implements were generally made of stone, of wood, or perhaps even of bone, and were dragged over the ground by the ox, the common beast of



U. S. Department of Agriculture.

THE USUAL WAY TO FLOW.

This man is doing a pretty good job, but it would be much easier if he would use the method shown on page 145.

burden of that day. The people also raised cattle, but with little regard for breed or quality.

The famous Arabian steed, however, was one exception. It was bred with the greatest of care and every effort was used to produce the desired qualities. But gradually great changes were made in these two kinds of farming, stock-raising and agriculture, until to-day they are both highly developed and no longer closely allied.

Let us first consider the advancement made in stock farming. In the early American period, very little thought was

given either to the care or the breeding of stock. Special attention was first given to this matter in European countries. The Jersey cow is the famous example of England's success in this work, while the Holstein represents Holland's. Sheep have also been developed until we have many varieties, each possessing certain desired qualities. In fact all farm animals have increased in importance, since greater care has been given to their development.



Courtesy of International Harvester Co.

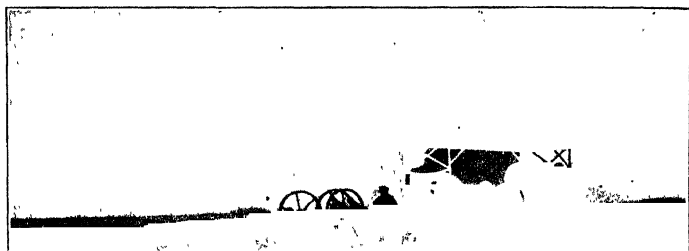
THE FIRST EXHIBITION OF THE REAPER.

Great surprise and interest was shown by all the natives, black and white, at Steele's Tavern, Va., when McCormick's invention was first shown in public. This is a copy of an old lithograph. On the sign attached to the fence is the notice: "In this field, July 25, 1831, will be tried a new Patent Grain-Cutter worked by horse power, invented by C. H. McCormick."

But the advancement made in crop farming has been just as great. When our forefathers first came to this country, they found a land rich and plentiful. Year after year they raised the same crops on the same piece of ground. If, by any chance, the crops a certain year were not satisfactory, the farmer would simply change to another piece of land.

But this could not go on forever. The soil of our eastern coast was rapidly becoming exhausted, when an Englishman

came over to try his theory of the *rotation of crops*, which is a yearly change of products raised on a certain tract of land. One year a farmer may plant corn, which will take from the soil certain substances. The following year he will not plant corn again, but rather will plant some crop which either will restore to the ground what the corn took away or will use the substances left in the soil. And so the process goes, each crop taking something from the soil and giving something to it which makes it better for farming purposes.



U. S. Department of Agriculture.

PLOWING AND HARROWING WITH A TRACTOR. :

One such machine might be owned in common by the farmers of a neighborhood. Then all could have their plowing done the easiest way, without its costing them any more than by the more common method.

A complete revolution of farming did not come about until the invention of farm machinery. About 1831 McCormick invented the reaper, which did away with the need for hundreds of workers on our great western farms. Next came a combination reaper and binder, with many other improvements added later. But by far the greatest progress came through the invention of the farm tractor. By means of this both men's and horses' labor, as well as time, is saved. Besides, the silo for storing fodder, the Ford and other motor

trucks and cars, and electricity, have all played their part in changing the one-time methods of farming. George Washington, perhaps as great a landholder and planter as the country had in his time, could not fail to be amazed if he could visit a big modern plantation or ranch and see how differently things are now done.

Where can this great development be seen best? What is required to carry on such a farm? Was it desirable that the new machinery should replace so many farm hands? Why?

One difficulty which many farmers have met in attempting to market their products or improve their working equipment has been that because of their distance from the large cities they could not borrow money when they wished to do so. To help them out of this inconvenience and to aid them in other ways, the Federal Farm Loan Act was passed in 1916. This law established twelve farm loan banks in different parts of the country and authorized farmers in any neighborhood to organize associations which would be responsible to the bank that served their district and which would arrange for making loans to farmers. On account of certain money conditions growing out of the War, the operation of the farm loan system was somewhat less easy than was expected, but considerable good has been accomplished by it.

QUESTIONS

What is meant by the *factory system*? What are its advantages? Its disadvantages?

Show how the use of capital has increased. What services does capital render? Who are capitalists?

Mention the different types of business organization. Discuss the advantages and disadvantages of each. What are the chief characteristics of the *partnership*? the *corporation*? What is a *trust*? Why were trusts undertaken? In what different forms have they appeared?

Explain *large scale production*. What are its merits? its faults? Explain *by-products* and their importance; *efficiency*; *scientific management*; *chain stores*. How is a big business organized to-day?

What is a *monopoly*? What kinds of monopolies are there? Give examples of each. Are monopolies harmful? What influences affect the price which a monopolist will charge? Why and to what extent should monopolies be controlled by the government?

Compare farm methods to-day with those prevailing a century ago. Mention some notable respects in which changes have occurred. What are some new features of importance? How much does the modern farmer use machinery? Why was the Farm Loan system established? How is it organized?

SPECIAL TOPICS

Capital in Our Business.

The Mail Order House — A Detriment or a Blessing?

The United States Steel Corporation.

“Trust-Busting” and Why.

The 57 Varieties.

Scientific Management.

The Woolworth Stores.

Monopolies That Are Good.

Farming at Mount Vernon in 1795.

Farming in North Dakota in 1925.

The Soil and the Crops.

Valuable special studies may be made, especially in cities and towns, of topics like the following. Wherever possible a visit should be made to the establishment to be studied.

Some classes may find it wise to postpone consideration of these studies until some or all of the topics in Chapter IX to XII have been taken up.

A Successful Factory :

Plant — location, construction, advantages, disadvantages, branches; departments; divisions of departments; methods of dealing with employees — hiring, systems of payment, promotion, employees’ participation in administration, etc.; purchasing raw material and supplies; making investigations and studying for improvements; methods of advertising; dealing with customers; sales agencies; etc.

A Modern Department Store :

Organization — departments, managers, “overhead” operation; building — location, construction, equipment; employees — hiring, salary, provisions for comfort, etc.; relations with management; buying goods — sources, buyers, dealings with producers, standard and special goods; dealings with

customers — accounts, handling cash, delivery of goods, complaints; advertising; “bargain” and special sales; etc.

A Country or Small-Town Store:

Difference from big city store; location, building, equipment; special opportunities for trade; buying goods — local producers, the “drummer” or “runner,” relations with jobbers, wholesalers and original producers; problems of stock keeping, accounting, etc.; employees; customers — charge accounts vs. cash payments, supplying demands, meeting complaints, etc.; competition with large city stores, mail order houses, etc.; advertising — does it pay?

CHAPTER IX

THE PRODUCERS

*If you can fill the unrelenting minute
With sixty seconds' worth of distance run,
Yours is the earth and everything that's in it ;
And, what is more, you'll be a man, my son.*

— Kipling.

69. Kinds of Industrial Activity. — Up to this time we have been considering largely the material side of industry. We are now coming to the personal phase of production and are going to look at it from the worker's point of view — from the human side, so to speak.

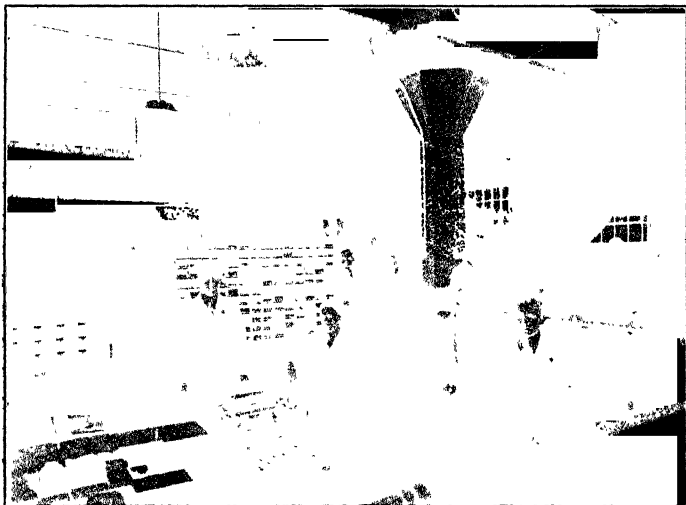
The framework of all industry is labor. The iron and steel industry, the wool industry, the leather industry, farming, and all other forms of economic activity can not exist without it. Activity of any kind that is connected with production is really labor. Every one engaged in a business in any way is a worker and receives a reward of some sort. But not all labor is the same. In fact there are usually recognized three distinct classes.

The first and least common type of labor is made up largely of the great leaders of industry and of the men prominent in professional work. Few people think of the president of a huge firm as being a laborer, yet he is, as truly as the most poorly paid man in his employ. Without him and the rest of the executive force the business would go to pieces in a very short time.

After the managing group comes the type of laborer sometimes called the "white-collar" or "soft-handed" workman. This includes the clerical workers, such as bookkeepers and

stenographers, and all those whose work is characterized by mental rather than manual labor.

The workers of the other group are sometimes known as the "hard-handers" or "red-shirt" laborers. In this group are found those whose work calls chiefly for manual labor. Machinists, engineers, and the great mass of skilled and unskilled laborers are included here.



Courtesy of Ford Motor Co.

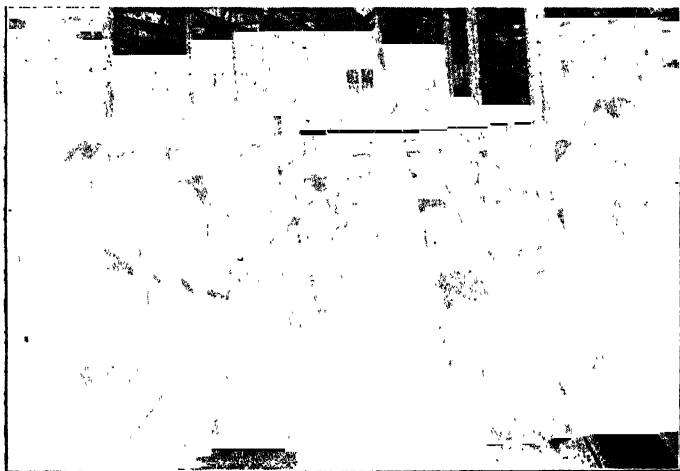
SOME "WHITE-COLLAR" WORKERS.

In the Employment Office of Mr. Ford's plant. Many firms speak of this as the Personnel Department.

Every large business in existence to-day has these three types of labor. No one group should think of itself as sufficient but rather each should recognize the necessity of the others. All are necessary if industry is to be carried on successfully.

Do you think that the different types of labor do recognize the importance of one another? If not, what is the reason? Are all kinds of labor necessary? If not, mention some that you consider non-essential, giving your reasons.

70. Classes of Workers. — But even the individual workers vary in their ability to do things. The ditch digger who works all day with his pick and shovel requires little more than physical strength and endurance to accomplish his work, while quickness alone is needed by the girl who sorts papers or does some other simple task. And so, since almost no special training is required, we call these workers *unskilled*.



Courtesy of Riverside and Dan River Cotton Mills.

WEAVING IN A MODERN MILL.

The weaver in the front of the picture had been at work in the same factory for 32 years at the time this picture was taken. What class of worker is he?

Next come the *semi-skilled* workers. These require at least a little training and some experience before they can do their work well. A telephone operator or a street-car conductor will serve as an example of this group.

The *skilled* laborer is the next type. He must have a considerable period of training, perhaps even as much as four years. He must possess enough originality and respon-

sibility to adapt himself to any job, no matter how different it may be from others. The paperhanger, the carpenter, and the plumber belong in this class.

Going still further we come to the *expert* or *professional* class. All those who require some special intellectual or scientific training or practice belong here, such as the doctor, the teacher, and the chemist.

Are these classes entirely distinct in this country? Which class do you think is the most numerous? Which class receives the highest pay generally? Is this right? Study a few pages of your city directory and try to determine the proportion of the various kinds of workers.

71. Rewards of the Workers. — Always the manner of payment for his work has been of great importance to the worker. Long ago, in the primitive days of labor, a part of the product made was the reward. If a man was employed by some herdsman to look after his cattle or flocks he might expect to receive cows or sheep as at least part of the payment for his labor. The man who received the animals then might have to exchange with a man who received other farm products as wages, if he was to satisfy all the needs of his family.

But as division of labor became more and more complex, such payment became impossible. No man, for instance, would wish to receive iron rails as wages. It would indeed be doubtful if he could use them in exchange for other products which he had to have. Since a direct exchange of products could not help being at times an intolerable nuisance for the individual, people were forced to get away from giving and receiving products as payment for services. And so workmen began to enter into contracts and to receive money as their wages.

To-day there are four different methods of payment in use. The most common of these is *time payment*. The workers are paid not for how much they do, but for the time they spend in doing it. The efficient man, although he may do twice the work of the inefficient one, still receives no greater

reward. This reduces the incentive for a workman to do his work swiftly and accurately.

But this kind of payment has its advantages, for in many forms of work it is the only method possible. Especially is this true in clerical work, which varies from day to day in the amount to be done. So it is with the carpenter, who may be laying floors to-day and building stairs to-morrow. Besides it would often be extremely unfair to pay one man more for doing his work than another man, although he might seem to get more done. A common example of this is the case of two workmen engaged in digging. The one may have only soft earth to work on, while the other may strike hard rock, which will cause him great trouble. And so it is impossible to pay such laborers in any other way.

Then there is the *piece method*, which pays for the amount accomplished rather than the time spent. This method recognizes the individual ability of the worker and gives the skillful man a chance to earn larger wages. The person who can make ten baskets a day receives more than the one who can make only five.

It seems only just that this should be so, especially in industries where individual pieces are produced. But workers often complain that what the fastest worker can do is taken as a basis for estimating the rate of payment, and that those who are not unusually skillful are thus forced to work at a rate that is harmful to their health in order to get anything like living wages.

The third method is known as the *bonus system*. Each worker is paid a standard rate, regardless of the amount of his production. However, a standard time is set for doing a certain piece of work, based on what the average worker can do under ordinary circumstances, and any worker who passes this standard receives extra payment in the form of a bonus for his increased production. In this way, both the time and piece methods are combined and the result is on the whole satisfactory. The salesman who is paid a salary

and also given commissions on sales over a certain amount is working on the same principle.

Another method of payment is by *profit sharing*. Besides his regular wages, the worker is also given a share in the profits of the business. In this way production is often greatly increased, for the worker realizes that any gain in business is his gain and consequently he puts forth his best efforts. We shall have more to say about this later.

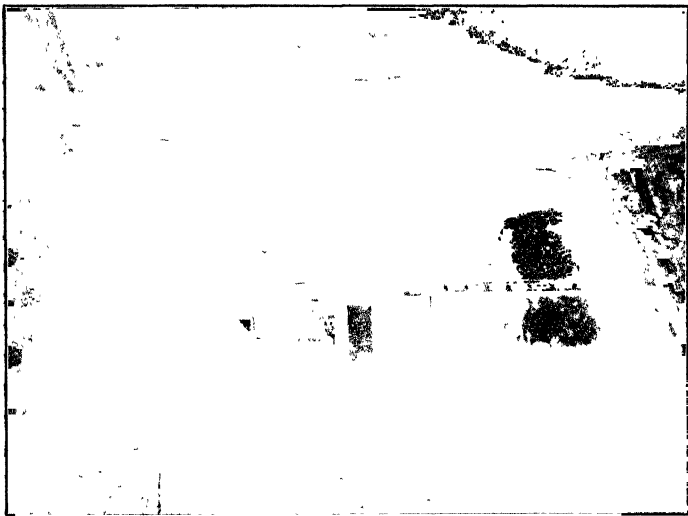
What kind of worker generally prefers the time method? The piece method? Which of these two methods do the labor unions generally prefer? What are their reasons? What do you think of the bonus system? Of profit sharing? Give examples of industries that seem particularly suited to some one method of payment. Should we think of labor as a commodity, which can be bought and sold, or as something personal?

72. The Risks of Industry. — Under the old English common law, accidents in industry were thought to be inevitable. It made no difference whose the fault was, people just looked at it as the risk a worker took by being engaged in such an industry. If he was injured he was forced to bear the entire burden himself. No one thought that he should receive compensation while his injuries prevented him from working.

In America this same idea has prevailed. Every year thousands of workers have been injured and their families have suffered from lack of the food and clothing which they no longer could supply. In the end society as a whole has been harmed, for the worker has been unable to do his part in producing things, and quite likely he and his family may have needed help through charity.

We have now realized that not all accidents are inevitable. We are taking great care to prevent accidents and thus to preserve our man power. "Safety first" campaigns of all kinds have been begun. These tend toward making people more careful, thereby escaping accidents. The traveler on the train and the worker in the factory are expected to watch where they are going and what they are doing. Railroads

are forbidden to keep men at work more than a limited length of time. Factory owners are expected to keep covered all dangerous parts of machinery that may injure their workers, and to see that such conditions exist that no one's health is needlessly impaired by working there. Both Congress and state legislatures have taken a hand in enacting such man-saving laws to enforce the saving of life if the people refuse to look out for themselves properly.



Courtesy of U. S. Steel Corporation.

ENTRANCE TO A COAL MINE.

How would you like to work in such a place day after day? Why?

We have concluded, too, that it is wrong to make an injured workman suffer all the loss and expense that result from accident, particularly if the accident is not his fault. So Workmen's Compensation acts have been adopted, that the individual worker may no longer have to bear the whole burden if he is injured. Instead, the risk now rests upon industry as a whole. Of course, the public really

bears the burden in the form either of higher prices or of higher taxes. But it can well afford to do so, for society itself really benefits when men are saved from misfortune or relieved from suffering.

Mention some industries where the risks are great. How are the workmen protected? What besides laws are needed to remedy undesirable conditions in this connection? Can we do anything ourselves?

73. The Work of Women. — In very early times women were looked upon almost as necessary drudges. Even to-day in some foreign countries much of the hard, menial labor is done by the women. But such a condition has never existed in this country. In fact, until about seventy-five years ago, few women were engaged in any industry in the United States except on the farm. Even then teaching school and keeping boarders were considered the only genteel occupations for them if they had to support themselves.

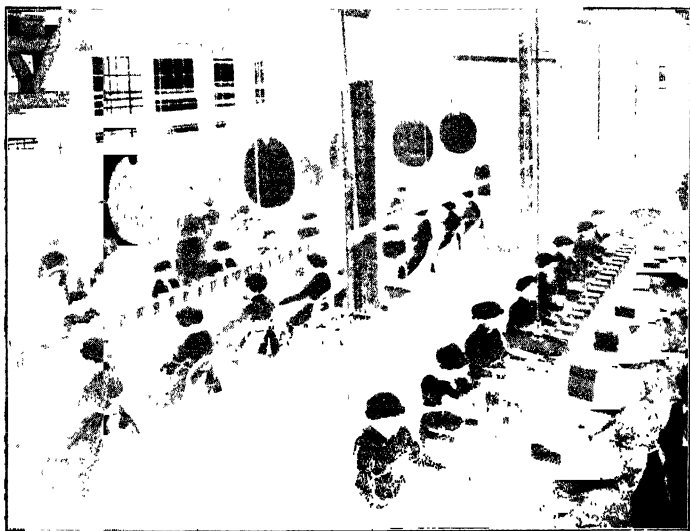
But the opening of factories created a demand for workers. Many women were therefore employed. Women thus entered permanently a new field. The recent Great War caused a marked change in women's work. Owing to the scarcity of labor, which naturally resulted when so many of our men entered war service, employers were forced to take women if they wished to continue their business. Women have now gained an industrial position in the world which they had never enjoyed before.

It seems, then, that women are in business to stay. Some are no longer willing to confine their activities within the home. Others prefer to be independent and to live on no man's charity, since they realize that there are many things which they can do as well as the men can. Still others, out of necessity, are forced into the business world. Such a condition can not easily be changed.

Some problems, which are indeed serious, are raised by the employment of women in the business world. Women are not the physical equals of men. They can not stand the

strain of certain kinds of work or of exceptionally long hours as men can. And so in order to save their own health and to protect the future generations, some special labor laws have been passed, regulating the number of hours a woman may be permitted to work.

Many states also have laws to reduce the evils resulting from the acceptance by women of extremely low wages.



Courtesy of Shredded Wheat Co.

HEALTHFUL WORK FOR WOMEN.

Most of the making of this food product is done by machinery, but this particular part of the work requires the service of women and girls. Note the cleanliness and order that prevail.

These are called *minimum wage* laws, and set a figure for wages which must be met by employers who hire women workers.

Women's lack of organization and their extreme willingness to work have caused their pay, even for equal work, to be less than that of men. The standard of men's wages has thus been sometimes greatly reduced, especially in the

occupations where women are employed. Women, too, have sometimes been led to accept situations that were ruinous to health and morals in order to support themselves.

The last and most serious problem is the effect in the home of women's going into industry. Many think that when the mother finds such outside interests the home life is entirely destroyed. If this is so the result is indeed unfortunate. We must not permit this to be the case. The home life and spirit should be maintained at all costs and we must see that business does not destroy it. Girls, particularly, should remember this truth.

Is it good for women to go into industry? Should women and men receive equal pay for equal work? Mention some occupations in which women will probably never engage to any great extent; some for which they are particularly fitted.

74. The Work of Children. — Another menace to our home life is child labor. Thousands of children under sixteen are employed at hard work for many hours a day in the mills, mines, canneries, and in various forms of agricultural work in this country. Now what is it that has forced these children out into the industrial world before they have secured any real foundations to begin life?

The greed of employers is often the cause. They are often quite willing to take children to do their work, especially when they can be employed so much cheaper than men. The financial condition of the home often seems to justify the children's going to work. The family may be large and the father's income too small to supply the necessary food and clothing.

Sometimes, however, the parents themselves are lazy, and they put their children to work so that they themselves may lead an easier life. They do not seem to realize the wrong they are doing and the children can not prevent it, for they are ignorant of the real situation. Then again, boys and girls about twelve or thirteen begin to get restless and become tired of school, which to them often seems dull and

uninteresting. They desire to get a job and to do something that seems real to them, and so many of them enter industry and often lose all chance of ever becoming really successful in life.

The ruinous effects of child labor are many. First of all, any child who is forced to work long hours sitting or standing in one position is likely to stunt his body and dull his mind so that he can never become the strong, healthy man he was intended to be. Besides, when these children grow up, their children in turn are almost certain to be weak physically and mentally. Thus the health of future generations is impaired.

Child labor has a disastrous effect on the condition of all labor. It affects unfavorably the wage standard of older workers. Ignorant and unskilled laborers can not do their work as well as intelligent workmen. In the end the employer himself is the one who pays, for his greed has brought him only inferior and inefficient work.

Then society as a whole suffers. The education of child workers is almost impossible, for no child can work and study at the same time. If he works all day in the factory, he can not be in our schools, and he is usually too tired to study at night. He is still further harmed by making acquaintances that are, to say the least, not helpful, by acquiring low ideals, and by developing a disposition that will be marked chiefly by either faultfinding or stupidity.

With citizens of this sort we surely can not hope to have an enlightened government. They are among the number who must decide what the future of this country shall be. How can they perform this duty well when, often through no fault of their own, they have been deprived of all that tends to make them good citizens?

But our government has now realized the seriousness of the problem. To-day all the states have some laws concerning child labor, although not all these laws are really effective. As a rule, the law requires that children must not work over eight hours a day. They must be at least fourteen

years of age before taking regular employment, and if they are below sixteen they must attend a continuation school. Thus they are forced to receive at least a little education, which is surely better than none at all. Besides, Congress has also assisted by levying a high tax on products of child labor which are transported in interstate commerce, thus making child labor unprofitable to the employer. The only place you can make some men feel anything is in their pocketbooks.

But laws alone can not remove the evil. Only by a thorough understanding of the problem by children and parents themselves and an active interest in it by all the people can we hope to maintain desirable conditions.

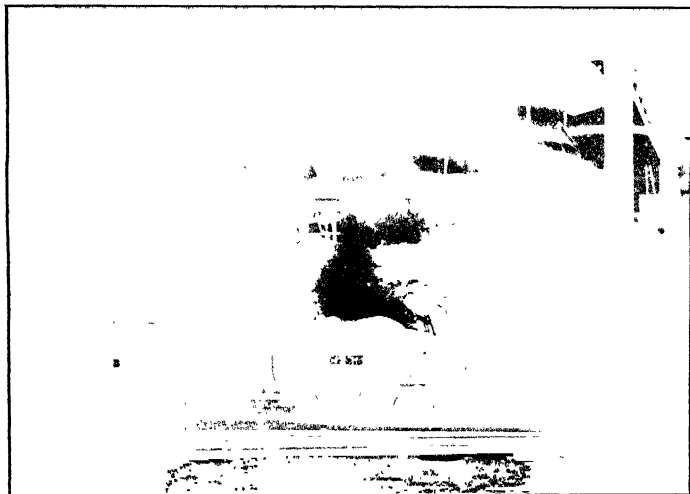
Should children do anything while attending school? If so, how much? What can city children do? What can country children do? Why is it that some of our child labor laws are not effective? Can we remedy the existing conditions in any way? How?

75. Conditions of Work. — When a person, old or young, enters the business world, there are certain conditions of labor which it is desirable and right for him to expect. All factories and other places of work should be properly lighted and ventilated. Sanitary conditions of the best kind should prevail. The building should be as nearly fireproof as possible and provided with easy means of escape in case fire does occur. Besides, the worker has the right to expect protection from the machinery and medical attention if he is sick or injured as a result of his work. In every way the physical welfare of the worker should be considered.

But in some forms of labor it is impossible to eliminate entirely all the undesirable conditions. The men who work around the great blast furnaces can not enjoy the proper ventilation, and the dangers which come from their leaving the extreme heat of the furnace room for the coolness of the outdoors are many. But as yet no remedy has been found. So, too, in other industries it seems at times impossible to prevent the workman's health from being endangered. But it is for

us to see that the employer does all he can to make working conditions as good as possible.

Many evils from certain kinds of labor have already been done away with. Formerly it was very dangerous to work in a match factory. The disease called "phossy jaw" was frequent. But as a result of an act of Congress white or



Courtesy of U. S. Steel Corporation.

AT A BLAST FURNACE.

Hot metal from the furnace is pouring into a great ladle, from which it will be conveyed into molds. This corporation maintains an extensive system of aid for injured employees and tries to induce them to avoid danger by being careful.

poisonous phosphorus is no longer used in making matches and the danger has practically disappeared.

In other industries where the filing of brass is required or where arsenic or mercury is used, the workmen are forced to wear safety appliances of some kind to prevent them from inhaling poisonous fumes or other dangerous substances. In fact, great steps are being taken in the right direction through our legislatures. It remains for both the employer

and his workmen to do their part in carrying out these laws.

Perhaps the worst possible conditions of labor are to be found in what is commonly termed a "sweatshop." By this we mean a place where many people work for long hours and low wages in surroundings not fit for any purpose. Ready-made clothing, cheap cigars, or artificial flowers are the commodities most often made in such places.

Often whole families from the mother down to the youngest child have engaged in such toil for twelve or even fifteen



International Film Service.

HOME WORK IN A NEW YORK TENEMENT.

One of the little fellows does not seem to realize how serious it is that the family works on these artificial flowers at home in order to make both ends meet.

use garments made in such places. Thus the health and welfare of all society has been menaced.

But if sweatshops are such a menace why is it that they have existed? The greed of the "sweaters" or contractors, and the ignorance and poverty of the workers themselves, who are mostly foreigners, are largely responsible.

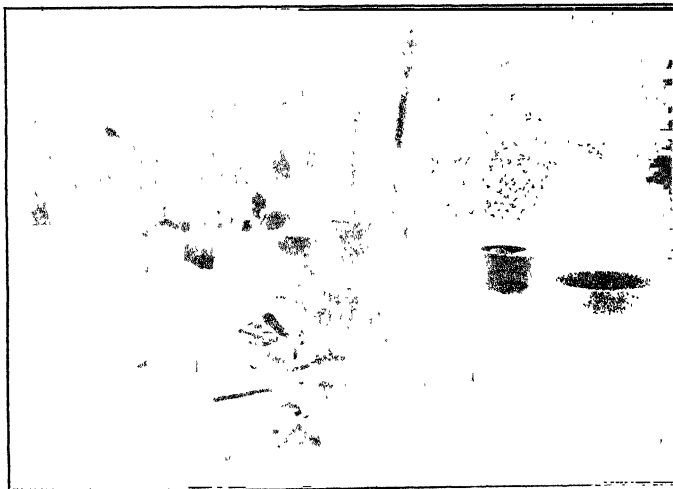
Many states have passed laws to remedy this evil, requiring that all places of work shall have a sufficient supply of air and light. Like all other laws they must be enforced in order to be of any use. The public, too, can do its part by refusing to buy products made in sweatshops. Only by

hours a day, while their pay might be only fifty or sixty cents. Since it is quite likely that the entire family would eat and sleep in the same room where the work was done, sanitary conditions of the worst kind must have prevailed. Disease has been common and contagion has often spread not only among the workers, but also among the people who

an active interest on the part of all can we hope to abolish such undesirable conditions.

Mention some trades which were once dangerous but are not any more. What caused the change? Mention some trades which are still dangerous to the workman. Can conditions be remedied in any way? What circumstances might compel a family to work in a sweatshop? Who is to blame for such conditions? How can one tell if his clothing is made in a sweatshop?

76. Conditions at Home. — Just as essential to the worker as favorable conditions of work are favorable conditions at



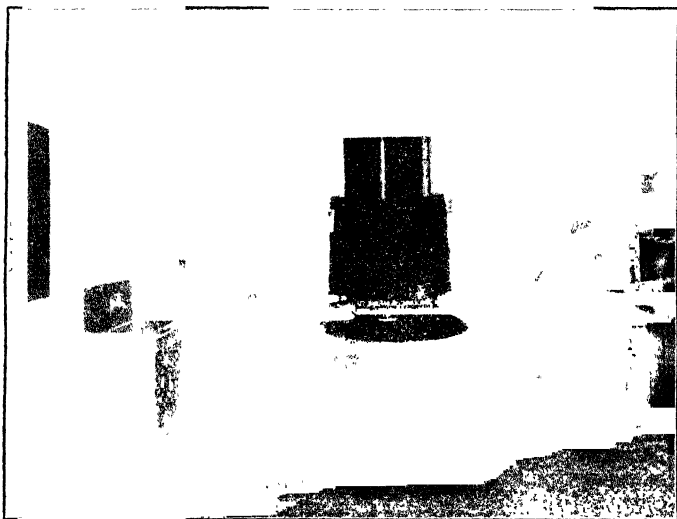
Courtesy of Ford Motor Co.

LIVING CONDITIONS THAT NEED IMPROVEMENT.

The Ford Company tries to pay its workers enough so that they will have no excuse for living like this, and through its "advisors" aims to promote clean living among them. See the same room later on page 164.

home. He has the right to expect a decent place to live in, good, substantial food to eat, and clothing to protect him. Besides he should have the chance to improve mentally and otherwise by the reading of good books and by engaging in other forms of activity outside of his everyday work.

But do such home conditions prevail? Not always, by any means. Sometimes the workers in our great mills and factories live under conditions of mere existence. After the day's work is over they come home tired and hungry, not to a bright attractive place but perhaps to one of our huge tenements where many families live under conditions far from



IMPROVEMENT.

Courtesy of Ford Motor Co.

This is the same room that appeared in the picture on page 163, from a different corner. The "advisor" seems to have done some good. There are few people who can not live neatly if they try to do so.

desirable. The few small rooms are scantily furnished. Light and air seldom reach them and they are dark and musty.

In the winter the entire family sleeps huddled together around a small fire, if they are fortunate enough to have one. In the summer the narrow streets, the fire escapes, and the roofs are thronged with men, women, and children trying to get a breath of air to cool them. And such conditions as

these do exist. The East Side of New York is notorious for its slums. Chicago, Pittsburgh, San Francisco, — in fact, all the large cities of our country, have this problem to deal with.

But is it desirable that we should have a class of people that live almost like animals in some parts of our cities, while in other parts there are people who have millions to spend? The worker himself is harmed, for living under such conditions he can not hope to advance in any way. His children are sure to suffer. They grow up ignorant and with health impaired, unable to meet the problems of life. Industry and society then are harmed. Ignorant and inefficient workers can not perform good work, nor, as we have said, can ignorant citizens run a government properly. And so if we are to make conditions within this country of ours better, we must first see to it that the workers receive enough compensation to enable them to maintain decent conditions at home, for the way they live affects the whole nation.

Make a list of ten things which are not absolute necessities, but which you think every worker has a right to expect in connection with his home life. Do the workers whom you know possess them? If not, why not? Who is to blame?

77. Getting Employment. — No country can be really great and prosperous, if many of its people are out of work. Unemployment brings with it many harmful effects both to the worker and to the entire public. It produces idleness, and with idleness comes crime.

Seldom do we hear of a man with steady employment going about stealing. It is the man who has nothing to do, who turns to such practices to get the things he wants. Besides, the idle man becomes discontented. It is easy to interest him in any wild scheme to overthrow government or to get the things he does not have.

All society is endangered by his presence. He loses his ambition and sometimes even his ability to do work well. Consequently his family often suffer from lack of food or

clothing and must become a burden to their community. Every one is affected in some way.

There are many causes that tend to bring about such a condition of unemployment. A man may be sick or injured and when he gets out again he may find that some one else has his job. He may lack ability and be unable to do anything well or he may be just naturally shiftless and lazy, having no public spirit or desire to help our country produce the things it needs.

Strikes and other labor difficulties often cause many men to be thrown out of work and bring about a great loss in time and wages. Sometimes there is a period of business depression. Then hard times prevail everywhere, and thousands of workmen with their families endure great suffering.

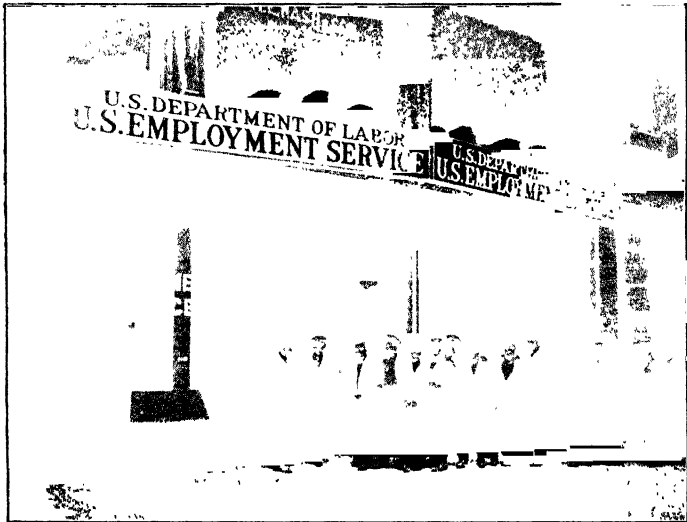
Some trades do not furnish steady employment for the entire year. The carpenter and the builder are often out of work in the winter, while the coal dealer is quite busy then. Besides, labor tends to stay in one place. Men are not always willing to go where the work is. They prefer to live in the city rather than on the farm. They are not willing to move to another city or town where labor is scarce and they could find steady employment. They sometimes even refuse to work for less than a certain sum and prefer to remain idle if they can not get as high wages as they want.

What can be done to remedy such conditions? In some cases the worker himself is to blame for his being idle. The first thing to do then is to change his attitude toward work in general. Make him see the evil of laziness and put into him a spirit that wants to do something, no matter how small. Then improve his efficiency, so that he may become skilled in his work and of real service to society.

But not always is the worker at fault. And so both the national Department of Labor and many of the states conduct employment bureaus, whose duty it is to keep all sections of the country or of the state informed of labor conditions in the other sections. It sometimes happens that in

one city hundreds are out of work, while in another city labor is very scarce and in great demand. There is no doubt that such employment bureaus are of great service and it is the duty of our government to maintain them for the good of the people.

Private employment agencies have also been established, but here abuse is more common. Owing to their narrow



Keystone View Co.

BRINGING WORKERS AND JOBS TOGETHER.

A United States Employment Bureau in New York City, which takes workers for places in many parts of the country.

scope and their desire for private profit their services are not so dependable.

Some people think that the government should plan all its public works so that it will need the most helpers when work is slack in other occupations. Others favor insurance against unemployment, but if such a plan were adopted all abuse would have to be carefully guarded against. However,

any plan which will at all tend to decrease unemployment among our workers is certainly worth considering.

What is the present state of unemployment in your community? Is it the same as at other times or different? Why is this so? Are private employment agencies good? Mention some of their good and bad points. Can you fix the blame for the various causes which keep men out of work? Who must in the end bear the burden of idleness?

78. Qualifying for a Position. — The average man of to-day must earn his own living. It is only right and desirable that he should. But in order that he may do his best possible work, he should receive special training of some kind.

No one can doubt the desirability of education. It is the very foundation of success, and the boy or girl is indeed wise who gets all the schooling possible before he starts out to show the world what he can do. In the end he will find himself amply repaid financially and otherwise for what may have seemed to him mere waste of time.

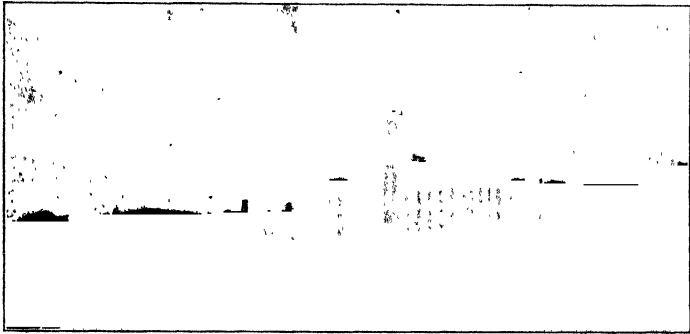
Is it then advisable for every one to train for some special occupation? Should the boy while yet in high school have chosen his vocation and already be preparing for it? True, his entire ambition for life may change many times during his school course, yet by aiming at some definite goal he may perhaps be saved from drifting along, accomplishing nothing. The poor boy who must go to work early is then fitted for some business or trade, while the more fortunate one can go on to college and become even more skillful in his chosen work.

But what shall we do about our girls? Formerly a mere grammar school education was considered sufficient and few higher schools of any importance were intended to be used for their instruction. Now the majority of pupils in our high schools are girls. We have opened to them all the fields of learning.

Is it then desirable that, like the boys, they should train for some particular kind of work which they desire to do? Even though the great majority of them do not expect to

work as wage earners for the remainder of their lives, they must have some means of employment. To carry on their work well, they need training, just as any man does.

Woman's one greatest vocation is home making. Cooking, sewing, and the details of home management should form a part of every girl's school course at some time. Her education should be a broad one and, like the boy, she should be well acquainted with all subjects of great social importance. If, in addition, she desires special vocational training she



CARNEGIE INSTITUTE OF TECHNOLOGY, PITTSBURGH.

All kinds of trades are taught here. Day and night classes make it possible for almost any one to improve his general knowledge and his skill in his particular trade.

should have it. But above all else every girl should be trained for those important services which men can not do.

But how is any one going to know the occupation for which he is best suited? It would seem even worse than a waste of time to spend some years preparing for a trade or profession, only to find that after all it was unpleasant and unprofitable. No doubt many a boy has thought that driving a dump cart would be great fun. Somebody must drive dump carts, it is true, but most people could serve themselves and society better by doing something else.

Sometimes we may go wrong if we follow the advice of

friends who do not understand our own capabilities as well as they ought. Sometimes we do not learn as much about the occupation itself as is necessary to enable us to judge it intelligently. We read stories, for instance, about the exploits of a telegrapher or the big income of a mining engineer or the fascinating studies of some inventor, and immediately conclude that we will follow in the footsteps of the hero of the story. Advertisements either of correspondence schools looking for pupils or of employment bureaus hunting for men to fill jobs often mislead their readers.

How much better it would be if in school we were given some opportunity to study different occupations, with the idea of finding out just what qualities are needed to make a success in them, and what they have to offer in the way of service to the community or enjoyment in performing them, or in financial returns! When a person has thus learned something about the various occupations, he can sift the list down to the three or four in which he takes the most interest, and after carefully studying these, he may finally be in a position to settle on one of them with the assurance that he will probably make no mistake.

The best schools are providing such opportunities. Sometimes they even arrange for actual work in different vocations, so that a student can judge by experience as well as by the advice of others whether he would like the particular trade of which he has been thinking. Schools also maintain vocational bureaus which try not only to get jobs for pupils when they graduate, but to fit the pupil to the job and to advise him what to study in order to make the best use of his talents. In consulting with his teachers, parents, or friends they may be able to learn some things about him which he does not realize himself.

Make out a table for the principal trades or professions which are likely to be available for people in your school or community. Provide in this table for statements of advantages and disadvantages of each occupation, necessary preparation, income, and social importance.

It has been suggested that one might help himself in considering his fitness for some occupation if he would make a list of the qualities that are most useful in it, such as honesty, judgment, perseverance, trustworthiness, intelligence, courtesy, and the like, giving to each quality a certain rating by figures or words. Then he can compare his own qualities in these particular elements, rating them in a similar way. Let the class work out a scale or table for a few common occupations, and then let each member test himself by this scale. If members of the class are interested in other less common occupations, they may prepare a scale for these and then judge their own fitness for them.

Perhaps representatives of different trades or professions can come and speak to the class or the school. If they do, be sure to find out the unpleasant as well as the attractive side of the occupation which they represent—not because you want to look for a soft job, but because there may be some kinds of hard work which you can do better than other kinds.

Can you think of any occupation that you would care to follow, where a high school education would be of no benefit? Does the financial start which one's family can give him settle definitely what he must do in life? Are there any occupations which girls should make no attempt to enter?

But even after a person has gone to work, there are many ways in which he may secure greater efficiency. We have night schools in nearly all our large cities that offer to the worker an opportunity to improve his work and to study the great problems of the day. There are such institutions as the International Correspondence School and the Alexander Hamilton Institute that aid many workers in bettering their positions. Indeed there is no good reason to-day why any worker can not better himself if he has good health. His opportunities are many.

79. The Number of Workers.—In every country the supply of available workers is of great importance. To a very great extent it is the means of determining what the standard of wages shall be in a community. When the supply of workers is large, wages are generally low, but when there is a scarcity of labor, high wages naturally result.

Such was the condition during the war. Men who once

were satisfied with three or four dollars a day soon found that without them business could not go on. And so they demanded higher and higher wages, almost always getting their demands on account of the great scarcity of labor which resulted from sending so much of our man-power to Europe.

But where do the workers come from? From what sources do we get our supply? The natural growth of population within a country is sometimes the only source. Each year the number of births exceeds the number of deaths, and the supply of workers tends constantly to increase. But in some countries, such as the United States, foreign immigration has for many years made up the chief source of supply.

Every civilized country has increased greatly in numbers in the last hundred years, but we notice this growth especially in the United States. Immigration to this country has been greater than to any other in the world. Away back in 1790 our people numbered a little less than four millions. The census of 1920 recorded one hundred and five millions.

The reasons that brought immigrants flocking to our shores are many. First, conditions within their own countries often were unpleasant. The failure of the potato crop in Ireland in 1843 and 1844 made many seek a new land if they desired to keep from starving. The failure of the revolution in Germany in 1848 caused many more to leave the Old World. And many others came to this country to escape religious persecution or the compulsory military training required in their native land.

But there were other reasons for their coming. They had heard wonderful stories of America, the richest land in the world. The demand for labor here was great and the workman received better wages than he could ever expect to earn in any foreign country. Besides, living conditions have always been better here than elsewhere.

Our homestead laws also helped immigration. Not so many foreigners as we might have expected were willing to take up land of their own to farm after working so many

years as they had for selfish "absentee" landlords. But when native Americans went west, they left a place in the East which the immigrant could step into.

But now that they are here, what shall we do with them? The social and political problems which they have introduced are indeed serious. Lately we have discovered that they have not become so thoroughly American as some of us supposed. Indeed many of them still preserve the customs of



THE IMMIGRANT.

Courtesy of Ford Motor Co.

A Russian family just after leaving the train in Detroit.

their homeland and seem to prefer to create a "little Italy" or "little Russia" in our own cities. Besides they are easily influenced and often serve as the tools of unscrupulous agitators and politicians.

But we have now awakened to our great responsibility. The foreigner must be Americanized; he must be made a loyal citizen of this great country. In other words he must be

inspired with that spirit and love of democracy on which this government was founded and without which it can not exist. Many of them respond heartily and nobly to efforts which are made for their betterment. When so many native Americans fail to understand the great economic and social problems of our own country it is small wonder that the foreigner often fails to do so. But we must see to it that the foreigner gets the chance to know the best rather than the worst that we can offer him.

Why has immigration not been so great to Mexico, France, China, or Spain as to the United States? What is our duty toward the foreigner? What is his duty toward us? Which is the more important?

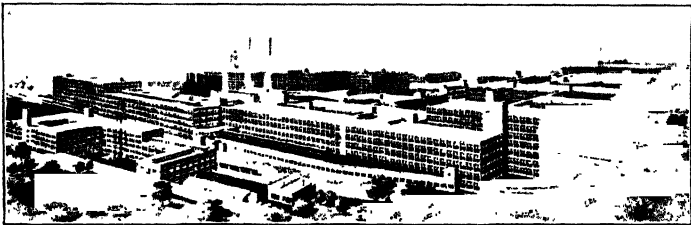
80. Labor Unions. — “In union there is strength.” Just as these words were true long ago, so they are to-day. Labor especially has profited by such union. One man alone can have little influence on his employer, unless he is an exceptionally skillful worker, but when thousands of workmen get together and make demands, even the most obstinate employer is forced to recognize their power.

Realizing this fact, the workers in many industries have formed unions. At first these unions were made up only of people in one city who were engaged in the same form of work and had united to make demands from their employer. But gradually they spread out to include all the workers in a certain industry in many states, as the United Mine Workers of America. Lately the tendency has been to bring many different unions into one great federation. Perhaps the best example of this nation-wide union is the American Federation of Labor, with Samuel Gompers at its head. It already includes over one hundred separate national unions and has gained for itself such great power that its influence is felt everywhere.

Since the unions came into existence, standards of hours and wages have been greatly improved. How much of the credit for this should be given to the unions can not easily

be determined, but certainly they have accomplished much in stirring up public interest. Eight hours has now become the standard day's work for men, while formerly it was twelve hours. At the same time wages have increased greatly. A man who would formerly have worked for a dollar a day and considered himself lucky, now demands five times that much and gets it.

Besides, better conditions now prevail within the factories themselves. Some of the best are almost as clean as a well-kept house, with plenty of air and light and all the modern



A MODERN FACTORY PLANT.

Factories and offices of the Goodyear Tire and Rubber Co. Akron, Ohio.
Notice how much window space there is in all these buildings.

sanitary conveniences. Even well-equipped rest and recreation rooms are often provided for the workers.

To the workman who feels his weakness, labor unions have been of great advantage in helping to get more favorable conditions of work, higher wages, and fewer hours. Sometimes, unfortunately, the policy of labor unions enables lazy, inefficient workers to enforce unwarranted demands for more pay and less work. The union, too, may be of no advantage to the strong, capable worker. He may do more and better work than the man next to him, but there is no difference in their rewards. Surely some way should be found to remedy such unfairness.

Along with the good that the unions have accomplished we must admit one very unfortunate result. They have too

often emphasized class distinction by refusing to recognize any tie between capital and labor. The fault is not all theirs, of course, but, whoever is to blame, there should be no separation of interests. Both must work together. If the labor unions could only realize this and help bring about that spirit of coöperation, they would be gaining far more than mere increase in wages for their members. They would be serving society as a whole.

Is it desirable for society that workers be organized in unions? Why? How great should their power be? What should be the aim of the labor union? Why are the "white collar" workers seldom unionized?

81. Labor Controversies. — When any labor controversy does arise, there are three methods, all of which may be entirely effective, which unions may and do use to obtain their demands. The first of these is *collective bargaining*. This means that the officers of the union deal with the employer in behalf of all its members, instead of each individual workman's making his own terms. If the employer and officers can agree, they generally sign a contract which is supposed to be binding on both parties for a certain length of time. Such an agreement is likely to be beneficial to all concerned. The employer is not troubled with several hundreds or thousands of workmen, each making individual demands, and the workmen are almost certain to obtain more consideration when they work together as a unit.

Along with this collective bargaining, the unions favor a "closed shop," which is simply an understanding that only union members will be employed in the establishment. The employer, however, generally prefers the "open shop," where he may hire any one whom he pleases. He usually feels that he should have the right to do so, since the factory belongs to him and not to any union officer.

The next step usually taken by the union officials, if the first proves unsuccessful, is to order a *strike*. When this occurs all the members of the union are expected to refuse

to work for their employer until their demands are granted or some agreement is reached. Such a method of gaining one's end can be justified only when the employer is unreasonable in refusing demands which are just and lawful and which are for the bettering of undesirable conditions. Even then every other means should be used before the entire public is inconvenienced.

But any strike which is only for a selfish purpose, to benefit a few at the expense and discomfort of many, can in no way be considered justifiable. Unions sometimes even go so far as to declare a "sympathetic strike" in order to force their own employer, against whom they have no grievance, to urge another employer to grant his employees' demands.

Still another method often used is the *boycott*. This is an organized effort to induce all strike sympathizers to refuse either to use the products of any industry where a strike is in progress, or in any way to help to "break" the strike. Sometimes strikers undertake a *secondary boycott*, which is a refusal on the part of the strikers to deal with any one who has anything to do with the one who is being boycotted. This is often found to work harm to thoroughly innocent people, who have no real interest in the strike itself, but only a desire to carry on their business, treating every one fairly.

But employers are not without their weapons when disputes do arise. They may establish a *lockout* and refuse to let their employees work until the latter are willing to make more reasonable demands. They may publish a *black list* with the names of any troublesome workers on it, and when those workers try to get a job with another employer, they find that they will not be hired. Employers have sometimes called upon the courts to issue *injunctions*, commanding union officers to refrain from certain actions which may endanger them in some way. Labor leaders always protest violently against this use of the injunction.

But what should be done when a disagreement occurs? The people as a whole do not desire to be ruled either by a

small group of capitalists or by a few labor leaders. They desire that all shall have a square deal, and they think that the public's welfare should first be considered before a strike or lockout is declared, since the innocent people who would be inconvenienced are so many.

But, as a rule, the public receives no consideration. Many families may freeze for lack of coal, people may starve because there is no way to get their food to them, and all because a few selfish individuals put their own demands above the public's need for their service. This certainly does not seem like justice to the person who has to suffer through no fault of his own.

By far the best thing to do when such a disagreement arises is for both sides to refer the whole matter to a board of arbitration, which has no direct interest in the controversy. This body should investigate the situation and report its findings, which should be accepted by both sides. A peaceful settlement should then be made. Later we shall mention some of the methods by which this end is sought. Labor unions do not like any plan which takes away their "right" to strike. But if an impartial arbitration board can be found, the unions, the employers, and the public, all will be benefited.

Mention some good and some bad features of collective bargaining? Why do the unions favor the "closed shop"? Who should decide who the workers in a factory will be? Can you think of some strike which to you seems to have been entirely justifiable? Mention some unjustifiable ones. What is your opinion of the "sympathetic strike"? Is it desirable that the employers should also have some weapons? Why? How much should the public be considered in such disputes? What do you think about the idea of compulsory investigation of labor disputes by a government board?

82. The Need of Understanding and Coöperation.—Clearly something is wrong with our present industrial system. Capital and labor seem unable to get together, and consequently are losing wonderful opportunities for advance-

ment. Both seem striving for something to bring about that feeling of satisfaction which should prevail in all industry. At one time labor supposed that high wages with short hours would remedy all the existing evils, while capital believed that increased production with larger profits would bring the desired results.

But to-day, although wages have increased rapidly along with the decrease in the number of working hours, and although production is greater than ever before, a feeling of dissatisfaction is very common. Plainly something else besides mere material increase is needed to make industry a real success. It is an invisible element—a spirit of goodwill and coöperation among all those who take part in any form of work.

But why is it that this spirit does not exist as it should? The impersonality of modern business is largely responsible. Once, before the time of machinery and complex industrial organization, it was possible for the average laborer to express his own individuality by means of his work. The work of the village carpenter or shoemaker was known throughout the community as his product. Naturally he took pride in making it an expression of his best skill, when he knew personally each one for whom he worked. He was interested not only in the price it would bring, indeed that was often secondary with him, but in the quality of what he turned out.

But now the average workman has no chance to express himself in industry. The whole process has become so complex and mechanical that the workman is now no more than a tool, a part of the great machine. He no longer knows who may use the product which he helps to create. As a rule he does not even know the man for whom he works. Small wonder then that he has no pride in his product. He works merely for wages, which can never be satisfactory, no matter how much they are raised or the hours of labor reduced, for they are the only reward of his expressionless task.

Capital may well bear a large share of the blame for this condition. Too often its aim seems to have been to increase profits, rather than to encourage good workmanship. So interested did the employers become in making money that the workmen themselves were forgotten in their "speeding up" processes and often were entirely lost in the great machine. The rich employers, if they ever thought of their workmen at all, considered them only as tools and treated them as such, forgetting that they were real men, without whom the employers could accomplish nothing.

Labor, too, has sometimes taken the wrong attitude in this matter. In its effort to remedy conditions it has tended to discourage ambition among the workers by forcing them to comply with a great mass of union rules and regulations. Life and work alike become burdensome under such conditions.

Besides, the average worker of to-day is entirely out of sympathy with his employer. He considers him, as we have said, only as a hard master trying to get the most possible work done for the least possible pay, and seeking always to keep his employees down. He can find nothing to bind them together. In his mind they are and must always be separate and distinct.

What can be done then to bring about the right attitude between these two great classes? Of course, the old personal relationship between master and workman has been destroyed by the complexity of the present industrial age, but is it not possible to create such a spirit of understanding and coöperation among men everywhere that all selfish interests will be forgotten?

No man can have anything or be anything which does not in some measure belong to all men or is not necessary to the welfare of all. Labor is necessary to capital and capital is just as necessary to labor. In reality they belong together, for neither can exist alone. Each must do its part for the good of society.

Such a spirit is an invaluable asset in any organization. It is bound to create a loyalty and devotion between management and labor which can not be produced by any shop discipline or complex organization which might be tried. This spirit, if it can only be created, and there is no reason why it can not be, will certainly contribute more than anything else to permanence, progress, and profit.

There is no mechanical way out of the present difficulties in an industrial world. Some of the many schemes and plans for accomplishing improvements will be discussed later. But it is a new inward attitude toward one another, a new spirit of understanding and coöperation, which is needed before permanent relief can come.

Can you think of any way by which this spirit of understanding and coöperation can be brought about? What must capital do? What should be labor's part in the matter?

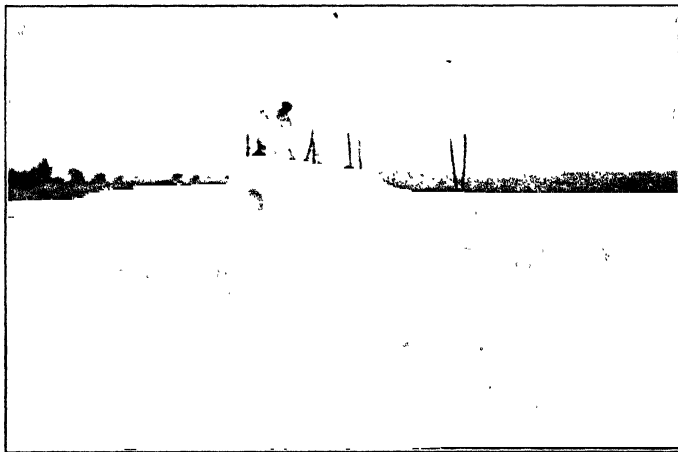
83. Work on the Farm. — There is another serious labor situation — the problem of farm labor. It has always been of vast importance. But to-day it has taken on a more serious aspect than ever before. Never has it been so hard for the farmer to get laborers, and without them he can hope to accomplish little. Production will be greatly decreased, and if such a condition prevails for any length of time, people throughout the entire country may suffer from lack of food.

But why is it that things are so far awry? What makes farm life undesirable to so many people? The wage feature seems to be the main drawback. Unlike most classes of people the farmer has not yet gone on a strike to demand shorter hours and higher wages, yet he is constantly called on to pay more and more for the city products which he uses. Naturally, since this is true, he can not afford to pay high wages to his laborers.

They must work from early morning until late evening during harvest time for what a city man might earn in a few hours. Do you wonder, then, that boys who have been

brought up on the farm are constantly coming to the city, where they hear of men working but eight hours a day who get more pay than they can earn in a whole week of hard labor? And certainly few city boys would be willing to go on a farm and stay there just for the pleasure of working in such a place.

Besides, the recent war took many of the farm boys. Perhaps, for the first time, they got a glimpse of our great



OLD-STYLE HAYING. *U. S. Department of Agriculture.*

This is the most common and most tiresome method of getting hay from the field. Sometimes it is the only method available.

ities throbbing with life and excitement. Some were sent to Europe and may have visited Paris, London, Brussels, or some other foreign city. They saw the gay life in the cities, they took part in it, and liked it. And so when they returned home farm life seemed dull and uninteresting to them. The song put correctly the case with many of them, "How are you going to keep them down on the farm after they've seen Paris?"

But the farmer is the one who has suffered. He can offer

laborers, during the time when he needs them most, neither short hours nor high wages, not to mention an enjoyable leisure time. At other seasons when the work is easy, the farmer needs much less help, and does not feel that he can afford to keep workers the year round at wages high enough to attract people to the job. The question now is, What can be done to remedy such a condition?



FARMERETTES AT WORK.

International Film Service.

These girls accepted the offer of the New York State Industrial Employment Bureau to get places for them on farms where they could have a vacation and earn money at the same time. This kind of farm work they can do as well as anybody.

During the War, when labor everywhere was exceedingly scarce, many girls went out to work on the farms as "farmerettes." Their labor could be obtained more cheaply than a man's and at the same time they were quite capable of doing the light work around the farm. But all the hard manual work which is connected with every farm was too much for them.

Here, too, the boys sent out by the United States Boys'

Working Reserve failed. They could perform the small jobs, but when it came to handling the huge machinery, husky men were needed. And so it seems doubtful that the employment of girls and boys as farm laborers would to any great extent solve the present problem. The effect on the health and education of farm boys and girls, too, would be such as to force us to throw out any such suggestion.

Some have suggested that the farmer unite with the great labor organizations. Although labor itself desires this, such a union is impossible. To begin with, they have nothing in common save that both are dissatisfied when a state of high wages and high prices prevails. However, they differ in what they consider a desirable condition. Labor wants high wages and low prices, while the farmer is unwilling to give large pay for little work. He, on the other hand, wants low wages and high prices.

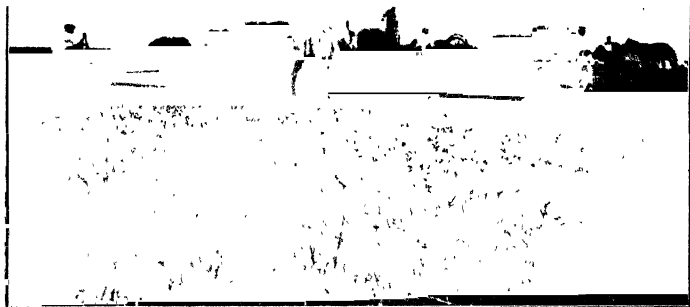
Besides, the farmer, as a rule, belongs to all classes. He supplies land, labor, and capital himself. Since this is true, how can he hope to gain anything from a union with labor? It seems hardly possible that he would be benefited in any way.

Just how to remedy this condition, then, is indeed a difficult problem. The farmer needs sympathy and coöperation from the city people. Instead, continuous efforts were made to force down the price of farm products, while for a long time little complaint was made against the high prices of city products.

Since the city people are always complaining of the cost of farm products it is only natural that the farmer wants to know where all this money goes, for he himself seldom receives it. He may sell his strawberries for six cents a quart and the city buyer may be forced to pay thirty-five cents for the same berries. But the innocent farmer is forced to take the blame for the huge profits the middlemen receive.

Some people seem to forget that the farmer also is affected by the numerous strikes that occur which bring with them

higher wages and higher prices. To keep up to the times, he too must increase his prices and then the trouble comes, for the city people, perhaps the very men who through their striking made higher prices inevitable, refuse to buy his products. In this the farmer can see no justice. To him it is wrong to boycott farm products and at the same time willingly pay twenty dollars for a pair of shoes.



U. S. Department of Agriculture.

SCIENTIFIC HAY-MAKING.

A push-rake brings up the hay, two men pitch it into the press, and at the right the bales are loaded on the truck which carries them from the field. On a small farm this might be out of question, but on a good-sized farm like this one in Mississippi it is just the thing.

The thing to do, then, is to see the farmer's point of view. He has no small task before him and the feeding of a nation is a job of which any man can well be proud. Farm life has pleasant features as well as disagreeable ones, like everything else, but so much attention has been called to the latter as to make the work unpopular among those who are looking for easy jobs. If the only way to get people to work

on farms is to pay high enough prices for farm products so that the farmer can pay attractive wages, we shall have to come to it — that is all.

What advantages does farm life have to offer? Compare them with the advantages of city life. Which do you prefer? What has been the farmer's attitude toward "daylight saving"? Is he justified? What would be your plan for remedying present farm conditions?

QUESTIONS

What is your definition of a laborer? What are the three different classes of laborers? Give some examples of each.

Distinguish the different classes of workers. What was the earliest manner of paying workers? Why is it that workers are not paid in this way to-day? What are the four methods of payment in use now? Describe each.

What was the old English attitude toward accidents? Does this attitude still prevail? What is being done to remedy conditions?

What is woman's industrial position in many foreign countries? Compare her position in this country. What has always been considered woman's proper place? What great changes did the recent war make in woman's position? What reasons cause women to go into business? What problems are raised by the employment of women in the business world? How can these problems be met?

What are some of the most common industries where children are employed? What are some of the reasons that cause children to enter the industrial world? What are some of the bad effects of child labor? What has been done by our government to remedy these evils? What still remains to be done?

What conditions of work does a person have the right to expect? Mention some conditions of work which are undesirable. What is being done to remedy such conditions?

What are some of the evils of the sweatshop? Why have they existed? What has been done to remedy this evil?

What conditions does the worker have a right to expect at home? What conditions often do prevail? What are some of the evils of such home conditions?

Mention some of the important causes of unemployment. What are the bad effects of this condition? How have the government employment bureaus helped? Compare the private employment

agency with the public one. What plans have been offered as ways to prevent unemployment?

What are the advantages of special training while still in high school? Is education always desirable? How does it affect the one who has it, financially and otherwise? How may one, while working, secure greater efficiency?

Is it desirable that girls as well as boys should have the benefit of education and special training? Why? What is the greatest vocation in life for a woman? How should she be trained to render this service well?

What are some mistakes to be avoided in trying to consider what occupation you will follow? What should be taken into account in making your decision? How may one get the information necessary to make a wise choice? What should the school do in this connection?

How does the supply of workers affect wages? Give examples. What are the sources from which the supply of laborers comes? What have been the causes for the great immigration to the United States? What social and political problems do the immigrants present? What is meant by Americanization?

Why were labor unions first formed? Describe their growth up to the present time. How have labor conditions been changed since the unions have existed? What disadvantages do they sometimes create?

Explain the following terms: *collective bargaining, closed shop, strike, boycott, secondary boycott, lockout, black list, injunction*. Who makes use of each, the employer or the worker? Which seem to you to be justifiable and which unfair?

Who usually suffers when a strike or lockout occurs? Who then should be considered? What is the best way to settle labor disputes?

What is the chief cause for the lack of good feeling between capital and labor? How is capital to blame for this condition? How has labor's attitude also been wrong in the matter? What is needed to bring about the right attitude between labor and capital?

Why is it that farm labor is so scarce? What compensations does farm life have to offer the worker? Compare them with what the city can give. How did the War effect farm laborers? What work did the Boys' Working Reserve and the "farmerettes" do during the War? Why is it impossible for the farmer to unite with the labor organizations? What injustices are often done the farmer? How can the condition be remedied?

SPECIAL TOPICS

The Pleasures and Troubles of Office Work.
The Ideal Stenographer.
How I Would Pay My Employees.
Dangerous Jobs.
Women's Work in War and Peace.
The Ideal Home Life.
How I Would Undertake to Get a Position.
School Vocational Bureaus.
The Immigrant's Idea of America.
The Rules of a Labor Union.
A Summer on the Farm.
What Education Means in Money.

SPECIAL STUDIES

PREPARING FOR A VOCATION

Opportunities for trades and professions in our community :
Number engaged in each at present.
Wages paid in each.
Are any overcrowded ?
Which are in particular demand ?
Chances for advancement.
Is there any reason why I could not plan for a life work here ?
Qualifications necessary for different occupations :
Education, general and special.
Practical experience.
Personal qualities needed for success in each.
What I am doing to prepare myself :
Training given by our school.
Chances for further preparation.
Qualities that fit or unfit me for particular occupations.
Deficiencies I should overcome.
How I hope to get a position.
Means of improvement I shall employ after securing work.
If no other opportunity is afforded during the school course for a study of occupations, a few weeks could very profitably be spent at this point in making such a study. This will be even more profitable if it is based mainly on the observations and investigations of the pupils themselves rather than merely on a textbook. The suggestions on pp. 170 and 171 and those given above can be developed extensively, if it seems desirable.

For those who wish to spend considerable time on the study of vocations, the following books will be helpful for reference: *Occupations*, Gowin and Wheatley (Ginn); *Vocational Civics*, Giles (Macmillan); *Vocational Guidance for Professions*, Brewster (Rand, McNally); *Vocational and Moral Guidance*, Davis (Ginn); *Vocational Guidance*, Puffer (Rand, McNally); *Profitable Vocations for Girls*, Weaver (Barnes), *Profitable Vocations for Boys*, Weaver and Byler (Barnes); *Descriptions of Occupations*, U. S. Department of Labor. *The Vocational Guidance Movement*, Brewer (Ginn), gives a survey of the whole subject, with an extensive bibliography.

RACE PROBLEMS IN THE UNITED STATES

Statistics as to number of different races — white, black, red, yellow.

Location of each.

The negro :

In the South :

His place, industrially and socially, before the Civil War.

Extent to which that war changed his position.

Advancement made by the negro.

In the North :

Relation between white and negro as compared with the South.

Reasons for movement of negro labor northward.

Industrial changes that may follow.

The Indian :

Extent of civilization.

Wealth and poverty among them.

Occupations of Indians on reservations.

Extent to which they may be assimilated in white settlements.

Chinese and Japanese :

Why they came first.

Motives for coming to-day.

Occupations — East and West.

Reasons for restrictive immigration laws.

Attitude toward Oriental laborers in the West.

Our proper policy.

CHAPTER X

CARRYING GOODS

We are not dependent, nor are we independent, but we are all interdependent. — Dreier.

84. The Value and Importance of Trade. — When we speak of a nation as civilized, we intend to pay it a compliment. We mean that it is not satisfied simply to exist, but that most of its people desire and many are able to have things that make living comfortable and pleasant, and that they know something about the world and how work ought to be done.

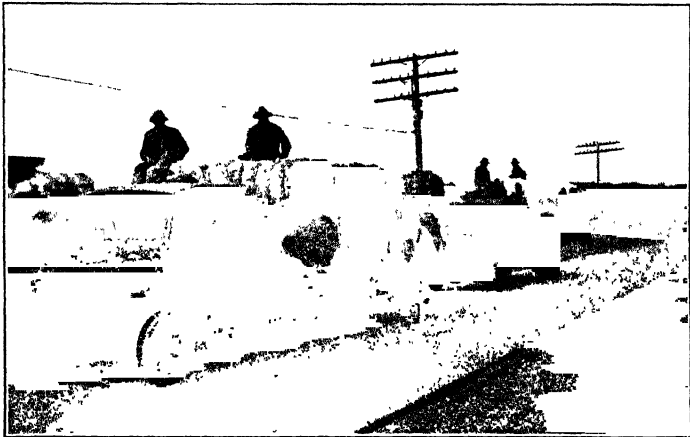
But very few nations, as we have seen, are so situated that from their own soil or industry alone they can supply everything they would like to have. It would be a most unusual man or woman, too, who could look out for all his own needs even in the most favored country. If civilization means variety, and civilized people need many different things, they can get them only by trading with one another.

This requires carrying goods from one place to another — in one word, transportation. In this chapter we shall not discuss the value of the goods that are carried, but shall take up just a few of the facts and questions relating to the actual moving of the goods — the supplying of place utilities. The difficulties connected with the other problems of trade we shall leave till the next chapter.

The simplest kind of trade we may call *local* trade. The farmer brings his potatoes into town and disposes of them to the storekeeper or to private families. The product of what is to-day one of the greatest organ factories in the world

was at one time sold by peddlers who went from village to village and among the farm houses with a wagon no bigger than a grocer might use now. This kind of trade must always take place, for it is the only way by which we can provide ourselves with some things.

But different sections of a country are specially suited to produce certain commodities. Why not let them do so,



Courtesy of Portland Cement Association.

TAKING COTTON TO MARKET, NEAR GREENVILLE, SOUTH CAROLINA.

Roads like this mean a great deal to the grower and the manufacturer. It is said that thirteen cotton mills are located on or near this highway.

and exchange their products for those of other sections? Thus came about *intersectional* or *interregional* trade.

All the rest of the country needs the cotton of the South and the Southwest. The wheat and meat of the Central Valley and the Great Plains will be readily taken by the city resident of the East. In turn the products of eastern factories make life in the southern and central states more comfortable. And whether we want to or not, we must go to the mountains of the West for many of our metals. They give us our gold, our silver, and most of our copper.

Should there not be trade between countries as well as between sections of the same country? It is not so hard to bring goods from London to New York as from San Francisco. There are some difficulties, it is true, of which we will speak later (§ 92), but *foreign* trade is desirable, even necessary, for every civilized nation.

Let us see what are some of the results produced by trade.

(1) It gives us a *variety of goods* to satisfy the wants of different people, as well as the many wants of each individual.

(2) It gives the people of a neighborhood a *common interest*, since they have to make use of the products of one another's labor.

(3) For the same reason it *holds together sections* of a country which might otherwise feel that their interests were not alike. If the South, when the Civil War broke out, had been as closely bound by railroads to the North as the Northeast was to what was then called the Northwest, there might have been no war.

(4) It helps to *unite the world*. Trade is almost the one interest toward which all people act alike. Not even religion or learning, mighty though they are, has yet done so much to bind the world together and teach each part about the rest.

(5) It produces a *sense of dependence* in persons and in nations. We can not sell unless there are people whom we can depend upon to buy our goods. We can not have many of the things we enjoy unless we can depend upon others and they depend upon us.

Mention five articles which are likely always to be obtained through local trade; five through interregional; five through foreign trade.

Make a list of the things that formed your breakfast. Where did each come from? To what city, state, or country are you indebted for the articles of clothing which you have on?

85. Early Means of Transportation. — Crude enough were the means by which our forefathers had to travel.

By boat on the bays and streams was the safest way to carry freight. On land about the only way to go long distances was on horseback, though by the end of the 18th century stagecoaches were making regular trips between some of the few large towns. One man advertised a "flying machine" (drawn by horses, of course) whose regular time from New York to Philadelphia was a day and a half.

After the disturbances of the period of the Revolution were over and the country began to settle down, the need of



THE STAGECOACH.

Once this was the most common means of travel, but now it has given way, even in the back districts, to the automobile.

better means of communication was strongly felt. So an age of "turnpike" construction set in. The first really decent road in the country was the so-called Lancaster pike, built westward from Philadelphia, and opened in 1792.

These new roads were constructed by private companies who charged toll to those who traveled over them in order to pay the cost of keeping the road in repair and make a profit on their venture. So much interest was aroused in the work that state governments gave help in many cases.

Even the national government was drawn into the game. It appropriated what seemed then a large sum to construct the famous "Cumberland Road" or "National Turnpike" from Cumberland, Maryland, through Wheeling to the West. How much might have been spent by the national government for this purpose is hard to tell. But Presidents Madison and Monroe got worried about the right of Congress under the Constitution to spend money in this way, and by vetoing bills of this character put a stop to the practice for a good many years.

In 1807 Robert Fulton's successful trip up the Hudson with his steamboat *Clermont* turned people's interest again toward transportation by water. In 1811 a steamboat started from Pittsburgh down the Ohio, and from that time on its use on the inland lakes and rivers helped mightily toward the opening up of the vast region west of the Alleghenies. These waters became great passageways for commerce.

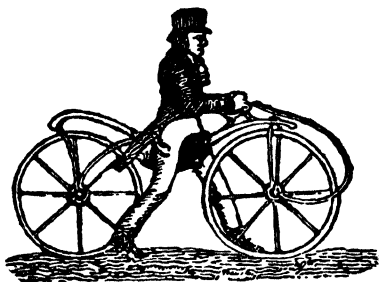
Soon after this a new craze seized the country — for canals. To read about travel on the canals as Charles Dickens and others described it makes one wonder how civilized people could have put up with it. Yet after all it was easier and cheaper for a long time than to travel by land.

The period of canal construction lasted from about 1816 to 1850. Millions of dollars were spent by private companies and state governments in this way. Many more were constructed than were needed, and four-fifths of them finally ceased to be used at all. It was a bad waste of good money, yet some of the canals were a wonderful help to the settlement of the interior and the development of trade.

The most famous of these was the Erie Canal from Lake Erie to the Hudson River. It was opened all the way in 1825 after eight years of work. It reduced the cost of carrying a ton of goods from New York to Buffalo from \$120 to \$14, and for other distances in proportion. It turned a great deal of interior trade in the direction of New York and

was a great factor in making that city the chief port in America.

These early means of transportation have by no means entirely disappeared. Canals still carry freight, and indeed we are to-day talking about constructing more of them. For years and years the stagecoach was the only public means of getting to thousands of communities in this country. The pony express and the overland stage were absolutely vital factors in keeping communication with the Rocky Mountain districts and the Pacific Coast in the days when men from the East first became interested in those regions. The history of the Wells Fargo Company and others like them in the early days of movement to the far



"JOY-RIDING"?

A copy of a picture of one of the first attempts at a bicycle or velocipede.

West is full of thrills, adventure, and romance that will always stir us when we read about them.

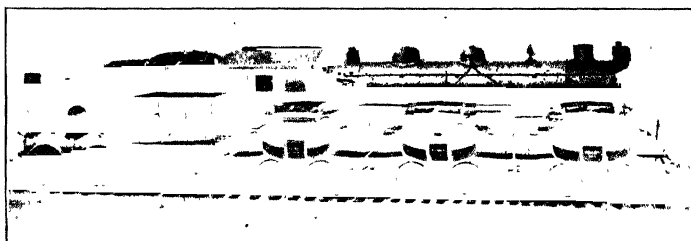
How would you like to travel by stagecoach? Could our great cities exist if we had only the means of transportation described in this section? Why not let roads be constructed by private companies with the right to collect toll from travelers? What factors determined the main routes of transportation?

86. The Railroad. — It was the railroad that put the canals out of business — not all of them, of course, but many of them. Even the primitive railroad was so much faster than the canal as a means of getting anywhere that the American, who is always in a hurry, would not be satisfied with traveling on the canal boat or waiting for his goods to come by that means.

A railroad really means a road made of rails. That kind of railroad existed in this country as early as 1814, when one

was constructed in connection with a quarry near Honesdale, Pa. When people began to lay strips of iron along the top of the wooden rails, travel became still easier. But there was yet a world of difference between such a road and the road of to-day with its steel rails weighing 100 pounds to the yard.

The first railroads were intended to be used to draw wagons upon, with horses or mules as the motive power. Some even tried cars with sails attached. If that had been all there was to the railroad, it could never have become the



Courtesy of New York Central R. R.

THE OLD AND THE NEW.

You see here the first train which ran over what is now the New York Central Railroad. The initial trip occurred on October 31, 1831. It was known as the DeWitt Clinton. Compare its entire length with one of the great engines now used on the same road.

mighty factor that it is to-day. The locomotive was what did it — the iron horse instead of the animal.

The Englishman, George Stephenson, was the first to make a steam locomotive a real success. A few years later the idea was put into operation in America. The first railroad in the present sense of the word was the Baltimore and Ohio, which opened a few miles of its line in 1828.

Queer-looking affairs were these first engines and cars. Most of the first railroads, too, did not extend more than fifty or a hundred miles, and in traveling even a moderate distance one would have to change cars several times. The story of the change from these flimsy "carriages" of early

days, when the passengers all got filthy with dirt and had their eyes blinded by cinders, to the steel coach and the comfortable Pullman of to-day is remarkably interesting.

Fascinating, too, is the record of the combination of small roads into great railroad systems, of the building of roads across the mountains to the Pacific coast, of great feats of engineering like the Hoosac tunnel and the tunnels under the Hudson, the wonders of tracklaying in the Rockies, of the career of great railroad "kings" such as William H. Vanderbilt, James J. Hill, and Edward H. Harriman. But these things belong more to history than to our study, and we will stop with only the mention of them here.

Do you enjoy traveling by railroad? What pleasant or unpleasant things do you find in it? Of what use are parlor cars and sleeping cars for any other purpose than comfort?

87. Influences of the Railroads. — Now what have these railroads done for the country? For we all know that we feel absolutely dependent upon them to keep our nation going.

(1) They have tied the land together as if with great bands of steel connecting at first the East and the West and now the South and the North as well. Without them it would not be by any means easy to keep together forever such a vast area as that of our country.

(2) They have encouraged wonderfully the expansion of the nation westward. Even if people could not quite reach by rail the new lands they wished to occupy they could get a long way toward them. And sometimes the railroad was there first and brought the settler along afterward.

(3) They have built up big cities, and indeed made them possible. Industry can be centered there and ship its products all over the country, while the raw material and the food that their people need can be brought in from all directions.

(4) They have been the greatest of all creators of place and time utilities. By giving these qualities to goods, the

railroads are real *producers* of marvelous importance, even though they actually make little that is new.

(5) They have broadened the knowledge and culture of the people, by encouraging travel and the distribution of information by newspapers, magazines, and letters.

(6) They have made all sections of the country dependent on the others and all of them dependent on the railroads — sometimes for the very means of keeping alive. So necessary do they seem to the welfare of the nation that the questions arising from their control and operation are among the most important that this country or any country has to settle.

Probably it is only fair to add that the power which the railroads acquired was not always used for the best interests of the people in general. On this account some of the roads, perhaps rightly, became at some periods very unpopular.

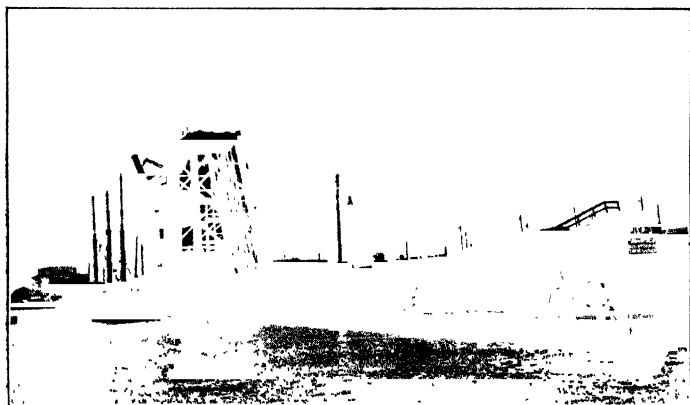
What would your community be without the railroad? Find out what countries have the largest number of miles of railroad in proportion to their population and see how they compare in progressiveness. What influences determined the routes which railroads should follow? Are poor people better off because of the railroads?

88. The Government and the Railroads. — It takes money and land to start a railroad. Where are these to come from?

As soon as it appeared that railroads were going to be a great benefit to the public, both state and local governments began to be very generous toward them. Charters and franchises were given on very liberal terms and without requiring much in return for them. Extensive grants of land were also made. When the great far-western railroads were planned, the national government presented them with millions of acres of land. Much of this was used to lay tracks upon and to put up the necessary buildings; but some of it was disposed of to settlers, and in some cases fraud and dishonesty occurred in the handling of it.

After the people had learned to depend on the railroads and the railroads had found out how important they were,

some of the roads were guilty of inexcusable and unjust practices. A road could ruin or build up any town by charging high or low rates for carrying goods to and from the place. For instance, just for illustration, a road might charge more for carrying a ton of freight for the "short haul" from Buffalo to Erie than for the "long haul" from Buffalo to Cleveland. It could make specially low rates to some shippers who sent goods over it, and thus give them an unfair advantage over their rivals. It could use the money and



Department of Wharves, Docks, and Ferries, Philadelphia.

A COAL PIER OF THE PENNSYLVANIA RAILROAD.

At this pier coal is transferred between boats and the cars of the railroad.

other power which it possessed to buy the votes of members of state legislatures so that these bodies would pass laws for the special benefit of the roads.

We might expect that some roads would reduce their rates in order to compete with other roads. So that they could avoid doing this, several roads which were in the same section of the country would make an agreement by which they would all charge the same rate. They would agree that each road would carry the amount of freight which came to it naturally, and divide the total receipts of all these

roads for a year in accordance with a proportion fixed beforehand. This practice is known as "pooling."

When people found out that roads were doing such things, they were much dissatisfied. A strong demand arose that laws should be passed to stop such performances. For several reasons it seemed entirely proper for the railroads to be subject to special laws:

(1) Some roads had been specially helped by government loans or grants of money and land.

(2) Many railroads were practically monopolies and could not be safely left uncontrolled.

(3) Railroads were "common carriers," and were supposed to carry goods and passengers on the same basis for everybody.

(4) The roads were often given the right of "eminent domain," which might be exercised in such a way as to affect the rights of private citizens.

For these and other reasons the demand that the government should take a hand in dealing with railroad problems finally became so strong that it could not be denied. Our national constitution does not give Congress power to pass any laws regarding trade that is entirely within a state. That kind of business therefore has to be supervised by state authority. Most of the states now have a Railroad Commission or Public Service Commission with powers over roads inside their states.

Trade between places in different states — *interstate commerce* — is, however, subject to the laws of Congress. In 1887 Congress exercised this power for the first time by passing an Interstate Commerce Act. This act prohibited the unfair practices mentioned above and provided that the President should appoint an Interstate Commerce Commission which should hear complaints against the roads and recommend what should be done about them.

The powers of the Commission were afterward enlarged greatly. It now has eleven members, who may not only

hear complaints against roads but investigate without waiting for complaints. Any interstate rates charged by the roads — and by telegraph, telephone, express, and sleeping-car companies and oil pipe lines as well — must not go into effect until they have been approved by the Commission. These powers and others possessed by the Commission make it a very important body. The I. C. C., as the railroads call it, is not very popular with the railroads, but there is no question that the members of the Commission have been on the whole able men who have tried to do what was best for the roads and for the public. They have accomplished a great deal of good.

During the Great War the control of the national government over the railroads was extended further than ever before. It was necessary for the government to be able to have the roads under such control that it could do exactly as it pleased in carrying men, moving supplies, and the like. In order to do this it was also necessary to permit some things to be done which it had not seemed wise to allow when the roads were privately managed.

So in December, 1917, President Wilson assumed control of the railroads under the powers given him by a law of Congress passed in 1916, when a railroad strike was threatened. He appointed first William G. McAdoo and later Walker D. Hines to be Director-General of the Railroads and to have actual charge of their administration. For a time some people wondered whether this government operation might not be permanent. But there were very many difficulties with which the government had to contend as a result of the tremendous strain of carrying on the war. After the fighting was over the President and Congress decided that the time had not yet come to attempt government operation permanently, and so on March 1, 1920, the roads were given back to their former owners and managers.

Have you ever heard any complaints about the management or operation of the railroads of your community? Do people ever

find fault with railroads when they have no right to do so? Is there any reason why railroad rates should be higher on shipments eastward than on shipments westward?

89. Getting Funds for the Railroads. — We must have money to operate railroads, as we have said, and we have shown how railroads at the beginning often received government help in the way of land grants and the like. Since railroads were usually built by corporations, money could be obtained by selling stock to people who believed that profits could be made from the business and were willing to take a chance on it. Thus provision would be made for getting the road started.

After the road was in operation its managers often wished to get more money to make improvements in it and to extend its lines. To do this they might sell bonds. These bonds would become a part of the debt which the road must pay back some time; but it is often considered good business to borrow money to make permanent improvements, if the saving or extra profit that would come from the improvements is more than enough to pay interest on the bonds.

Yet it would not do to borrow money to pay the daily running expenses of the road or for any part of its equipment that would soon wear out. Such costs must be met by the charges for carrying freight and passengers. As a rule the freight business is much more profitable than the carrying of passengers.

Right here comes a very troublesome part of the railroad problem. People do not like to pay high fares or heavy freight charges. They want to ride or have their goods carried as cheaply as possible. Yet at the same time they complain if the roadbed is rough, if the cars are not comfortable, if the stations do not look attractive. Good management, it is true, will provide these things when careless management would not; but the best of managers can not make something out of nothing.

If the public is to have all the comforts and conveniences

it asks for, it must expect to pay for them by higher charges for freight and travel. Workers on the railroads are in a position to demand and to get fair wages, and these must be met by charges on the people who use the roads. Men are not going to operate the railroads for charity. If people are not willing to pay enough to enable the managers of the roads to operate the roads in good shape and to make fair profit besides, there is only one other thing to do. That is for the government to take over the roads and operate them, and then lay taxes on the people to make up the loss that would result if low rates were charged.

Do you know any people who own railroad stock? Try to find how many stockholders in the railroads there are in the country. Do you think they are willing to pay high fares on the railroads? Is it good business for a railroad to build expensive stations?

90. Other Agencies to Aid Transportation. — Before goods are bought and sold, orders often have to be taken. Then in connection with the shipping of goods, much correspondence frequently takes place. Means of communication are therefore important to business as well as means of transportation.

When America was new such means were poor indeed. There were only 75 post offices in the country in 1790. It took a letter two weeks to go from Virginia to Charleston, South Carolina. Stagecoaches, horseback riders, and sailboats were slow at best in getting anywhere, but a messenger, whether he belonged to the government's postal service or was sent on a private errand, had no other choice.

Now we have a postal system that carries in a year over twenty billion pieces of mail. Since 1913 the parcel post has been of great service in carrying packages of fifty pounds weight or less. The business world finds these of wonderful value.

Besides the service given by the steam railroads, we have many other means of communication. Samuel F. B. Morse gave the world the telegraph. The name of Alexander

Graham Bell is inseparably linked with the telephone. The perseverance of Cyrus W. Field successfully established the Atlantic cable, and now all parts of the world are reached by this means. Marconi and wireless mean almost the same to us. Business men would not know what to do without these means of communication to-day.

Electricity serves the business world also in furnishing power for street railways in cities and towns, for interurban



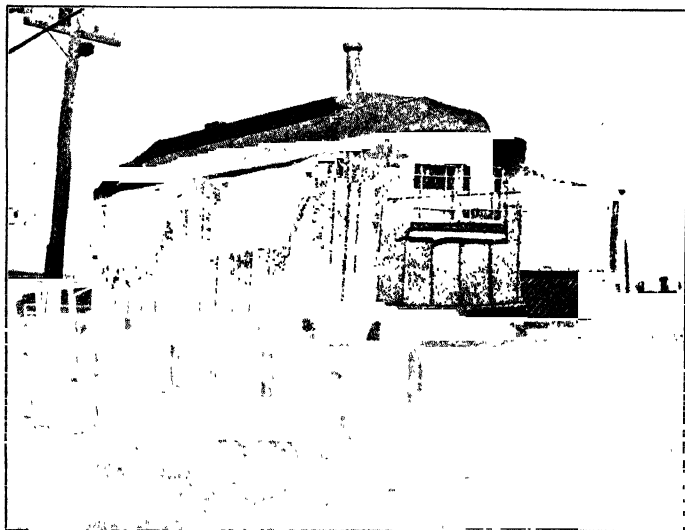
HANDLING PARCEL POST.

If this is an ordinary day's business in the Boston office, what do you suppose it is like at Christmas time?

lines, and to some extent on some of the greater railroad systems. The first electric car ran in 1886. For about thirty years after that, a tremendously rapid expansion of these lines occurred. Then when the prices of everything took an upward leap, the cost of operating these lines was very greatly increased. If they raised their fares very much, people would travel on them much less. But if they could not get more money somehow, they had to go out of business. It became, and still is, a very great problem — how to keep

these electric roads going and still keep their charges within reason. It seems as if we must have them in our large cities, to reach the suburbs, and to serve the country districts between the towns.

Just lately a new means of conveyance has become very popular — the automobile for passenger travel and the motor



A RELIC OF THE OLD DAYS.

This picture may suggest what an old time trolley car looked like. This one was sold for almost nothing and is used for a camp at the beach. What a fire risk there must be in this neighborhood!

truck for delivering goods. Even for long distances the truck will often do as well as the freight train. But without good roads its use is hopeless. So we may get back again to the old days when highway construction was the biggest need in transportation. Railroads have all they can do now.

We must not fail to mention travel by air. Mails and newspapers already are delivered between cities by airplane. That this kind of thing will be more and more used as the

years go by seems certain, but we will not try to prophesy just yet how soon it will relieve to any great extent the problem of carrying goods on the surface of the earth.

Which means of communication would the business man miss most if he were deprived of it? Show how the electric road helps city people; country people. What effect do you think the automobile has had or will have on the electric road?



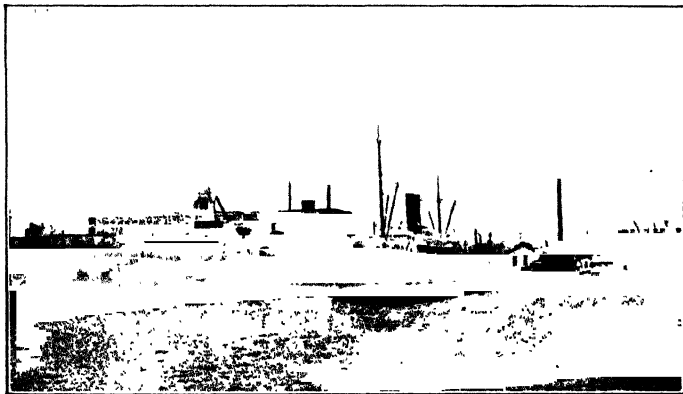
BRINGING IN THE MAIL.

Auto trucks are very largely used in the cities for carrying mail to and from the railway stations and between the main office and the branch offices.

91. Carrying Goods by Water. — One relief to the problems of land transportation is at hand if we will accept it. During the first half century of our national history, waterways were used almost entirely for carrying heavy goods. The sailboat, the canal boat, and the steamboat for many years carried by far the greater part of our freight and many of our travelers. But then the railroad appeared. In our anxiety to get things done in a hurry we proceeded to neglect Nature's own facilities for transportation.

Before the Civil War our flag floated over every sea. Our "merchant marine" — our ships engaged in commerce — was second only to Great Britain's. Confederate raiders harmed it greatly during that war, and other causes combined to produce a continuous reduction. We seemed to be content to let the ships of other nations carry our goods.

To remedy this disgrace — for it was little less than that — some people proposed the scheme of a *ship subsidy* — that is, that the government should give money to companies



Dept. of Wharves, Docks, and Ferries, Philadelphia.

A SHIP IN DRY DOCK.

This is at the famous shipyard of William Cramp and Sons, at Philadelphia.

which would build ships to use in trade. But the idea did not gain enough favor to cause its adoption. It took the emergency of a terrible war to wake us up to realize what we might do and ought to do for ourselves.

When German submarines were sinking so many of the ships of our allies during the Great War and we needed so many more to help carry our troops and supplies for them across the Atlantic, we discovered what we had to do. Our government set aside \$50,000,000 to build ships. The United States Shipping Board was organized to have general over-

sight of the matter and the Emergency Fleet Corporation was organized to build the ships. Shipyards already in existence became wonderfully busy. New ones were constructed, like that at Hog Island near Philadelphia, and whole towns were built to care for the workers and their families.

A marvelous change resulted. The tonnage of American ships was about doubled in a very short time, and once again we are second only to Great Britain in this respect. Surely we shall not lose the advantage which the war unexpectedly brought us.

Water transportation could be used for many more goods than it is. Its cost is usually less than by rail, and it would relieve the great strain upon the railroads. It often takes longer, it is true, but for goods which do not readily rot or spoil, this makes little difference. People would simply have to allow a little more time for their orders to be delivered.

For inland traffic, locks and dams will have to be constructed to avoid the falls and rapids in some of our rivers, and canals will be needed to connect one waterway with another. A great system of inland waterways has been planned, and when the industries of the country are again in a stable condition, probably work will be started on the necessary improvements. To connect Pittsburgh with Lake Erie, to make a continuous passage possible from the Great Lakes to the Gulf, and to have a system of canals connecting the important bays and harbors all along the Atlantic coast are some of the enterprises which have either been planned or partly undertaken.

Make a list of ten commodities which could be carried by water just as well as by land. From what part of the United States does each of these come or to what part would it have to be carried? Would it be possible for water transportation to be used in every case?

92. Trade between Nations. — Is there any reason why nations should not trade with one another as well as sections of a country or towns or even individuals? If the principle

of coöperation, of exchange of goods, is sound in one case it should be in the other. Surely if one nation can produce something more easily than another nation can produce the same thing, it would seem likely to be good business to let each do what it can do best, and then exchange their products.

There are some difficulties, it is true, in trading between nations, which do not hamper trade between sections or cities of the same country. The people may speak different languages — yet their wants are not very much different,



Dept. of Wharves, Docks, and Ferries, Philadelphia.

COALING SHIPS ON THE DELAWARE RIVER.

after all. There may be different laws in each country about the receiving of goods from outside and paying taxes on them — yet while these are an inconvenience they can be changed if a country finds it to its advantage to use the foreign goods. Different systems of money may be in use in each country, as England reckons in pounds sterling, the United States in dollars, France in francs, and Japan in yen. But they all know gold when they see it and are glad to get it; and with the great increase in the use of drafts, bills of exchange, and the like, which we shall take up in the next chapter, actual coin or bullion need not be used for payment very often.

The difference between the value of goods which a country exports and those which it imports is often spoken of as its *balance of trade*. It used to be thought desirable for a nation to sell more goods than it bought and thus have a "favorable" balance of trade, rather than to buy from another country more than it sold to that country and thus have an "unfavorable" balance of trade with it.

But this is a wrong way to look at it. Japan or India can produce tea so much more easily than we can that it would be ridiculous for us to try to raise much tea. In a less degree this is true with many other things. If in order to raise enough beets to produce all the sugar we want, farmers had to grow less of the wheat for which much of our soil is so well fitted, we should have made a poor change. We should not worry, therefore, about buying much more from Cuba than we sell to Cuba. The money that we save by getting our sugar cheaper, we can spend on other things that we want; and the balance of trade against us in the case of Cuba can be made up by the balance of trade in our favor in our dealings with some other countries.

Trade between nations is to be encouraged, not discouraged. It helps to keep peace and to maintain mutual acquaintance between different peoples. It is no harder physically to trade between New York State and Canada than between Ohio and Kentucky. Trade enables every nation to do better for its own people than if it tried to compel them to produce things they were not fitted to produce. Coöperation here is essential to the world's progress — not isolation but commerce and good-will among nations!

What kind of people might oppose trade between this nation and some other? If all our ports were blockaded by an enemy in what ways would we suffer most? How did the Great War illustrate any of the conditions relating to trade between nations?

92. The Tariff and Trade. — Closely connected with the matter of international trade is the question which has bothered several nations. Shall we have or shall we not have a

protective tariff? Before we go any further, let us be sure that we know what a *protective tariff* is. It is a tax levied by the government on imported goods so as to make them cost as much as home-made goods, or more. Its purpose is to induce people to buy home goods instead of goods produced abroad, and to encourage home manufacturers to produce articles which would otherwise be imported.

Manufactured goods are better suited to protection than any other kind. A tariff can not make the soil any more fertile or a mine any richer, and so farming or mining can not be aided by a tariff as easily as some other industries can. England made a mistake in this respect years ago when she had her "corn laws" in order to encourage the growing of grain at home. When she found that the only result of these laws was to make grain cost more for everybody, these laws were repealed.

England then adopted a revenue tariff policy — that is, she put taxes on some imported goods in order to get money to carry on the government, but not with any thought of inducing people to produce these goods in England. On the other hand, Germany seemed to find a protective tariff a help toward her great rise to industrial prominence during the forty years before the Great War.

Now what should be the proper policy of the United States in regard to a protective tariff? Such a tariff can not help interfering to some extent with our foreign trade. Is this interference desirable? During the greater part of our history we have had a protective tariff in some form, though the rates have by no means been always as high as they are now. Alexander Hamilton, though he believed in a protective tariff for the country in his day, recommended duties less than half as great as those of the Underwood tariff of 1913, which was framed by people who were not specially friendly to the idea of "protection." People's views differ greatly about this matter. Let us set side by side some of the leading arguments for and against "protection."

For

It induces home manufacturers to produce goods that would not be produced without it, and gives this country a great variety of industries.

It makes a nation more independent and able to look out for its own interests. Especially in time of war would this be very valuable.

The prosperity of this country is the result of the protective tariff. Higher wages are paid to American workingmen than to any others.

Against

It makes goods cost more, and the people in general would be better off if they bought their goods more cheaply, no matter where they came from.

It creates ill-feeling between nations and encourages unpleasant rivalry. If nations are dependent upon one another, there will be a strong influence to prevent war.

Interests that enjoy benefits from a protective tariff have a very dangerous influence in politics. The tariff has helped build up some great monopolies. Other influences than the tariff are responsible for high wages. England, without protection, pays higher wages than Germany with it.

In our political history the present Republican party has always favored a protective tariff. The Democrats have favored either a revenue tariff or lower protective duties than the Republicans wanted. It is hard to judge just what effect would be produced by a really scientific tariff law of any kind, because in almost every law we ever had, political influence of one kind or another, as much as sound reasoning, was responsible for many of its provisions.

Very likely the tariff has not had, one way or the other, so important an effect as some people think. The parties to-day do not really differ so widely, after all, as they did once. No intelligent person would think of recommending that the country should do away with the protective tariff all at once. At the same time no intelligent person can doubt that some of our tariff duties have been inexcusably high and ought either to be reduced or abolished. Some things we can produce more easily than other countries can. Such articles

do not need to be "protected." Some other things never could be produced here satisfactorily, no matter how much "protection" we put on them.

Quite likely the tariff should not be a political issue at all. How can the ordinary person, even though he is a Congressman, have enough expert knowledge to decide intelligently what, if any, duty should be imposed on each one of a thousand different articles? We now have a Tariff Commission to look into the details of our tariff laws carefully, and then recommend to Congress one by one any changes that they think are desirable. There is surely no sense in overhauling the whole system just because a different party gets control of Congress.

QUESTIONS

Show the relation of trade to progress. Explain the different forms of trade. What are the definite results produced by trade?

Mention the means of transportation that were in use at the end of the 18th century. What improvements came into use about that time? Whose names are specially remembered in connection with any of these? Why did the national government stop giving money for road construction? Tell the main facts about the era of canal construction.

Describe an early railroad. What changes have since taken place in the railroads? Point out the ways in which the railroads have influenced our history. What was the early attitude of our government toward the railroad? What harmful practices brought about more control by the government over the roads? Why is it specially proper for the government to exert close supervision over the railroads? Tell about the Interstate Commerce Commission and its powers. How did the Great War affect the relations of the government and the railroads?

How do railroads get funds to carry on their work? What should be our attitude toward the request of a railroad for higher rates?

What were our means of communication in 1790? How have these means been improved since that date? In how many ways does electricity now serve us for purposes of communication? What names of persons are famous in this connection? What are the most recent developments in transportation?

Compare the extent to which water transportation was used in 1800 and 1900. What made the difference? For what kinds of

goods is water transportation suited? What improvements will be necessary before this can be used most extensively? How did the Great War affect our merchant marine?

Are there any differences between domestic trade and foreign trade? Explain the meaning of *balance of trade*. Why should foreign trade be encouraged?

Distinguish between *protective tariff* and *revenue tariff*. Give the leading arguments for and against a protective tariff. What have been the attitudes of our political parties on the matter? What is the Tariff Commission? How can it be useful?

SPECIAL TOPICS

Turnpikes and Toll Roads.

What We Import and Why.

What We Export and Why.

America's First Railroad.

Great Names in Transportation.

Railroad Kings.

Great Names in Electricity.

The Great War and Our Foreign Trade.

The Pullman Company.

Wells Fargo and Company.

The Erie Canal — Once and Now.

Resolved, that it is wise for the United States to maintain permanently the protective tariff.

CHAPTER XI

CONVENIENCES OF TRADE

*So I make a jest of Wonder, and a mock of Time and Space,
The roofless Seas an hostel, and the Earth a market place,
Where the anxious traders know
Each is surety for his foe,
And none may thrive without his fellow's grace.*

— *Kipling.*

94. Barter and Money. — If I have more of something than I want, and you have more of something else than you want; and if I want the thing which you have too much of and you want the thing which I have too much of — then we can swap, and both of us will be pleased. That is the simplest kind of trade — *barter*, direct exchange of one thing for another. It still occurs when a boy trades a jackknife for a bag of marbles or a farmer trades the eggs and butter from his farm for the sugar and coffee which a grocer has on hand.

Even to describe this kind of trade in simple language is not easy. How much more difficult must it be to carry on actual barter when a dozen or a hundred different people have an equal number of different things to trade! Man No. 1, who has a sheep to dispose of and wants some hens, may have to hunt a long time before he finds Man No. 50, who has some hens to dispose of and wants a sheep.

To get around this difficulty, the easiest way is to have the community agree upon some one thing which everybody will take in exchange for his work or for the goods which he has to trade. Then he can give this same thing to another man when he gets what that man has to offer. Anything used for such a purpose may be called *money*. It may be defined

as meaning any material which people generally will accept as a convenience in making a trade.

A great many things have been used as money in different times and places. Skins, shells, salt, beads, and tobacco are some of them. But they all have some very evident disadvantages. For this purpose men finally came to use metals, the first of which was probably iron. Bronze and gold, which were good for adornment as well as for trade, were also used at an early date.¹



AN OLD ROMAN COIN.

Even with such materials there was much confusion. Men could not agree as to just how much any particular lump of iron or bronze ear-ring might be worth. An early step was to put the metal into the form of coins. This was probably done first in China.

Then, in time, the kings or other rulers took into their hands the making of coins, since to allow everybody to make his own coins gave too much chance and temptation for dishonesty.

To make it less easy to imitate these coins, the ruler's picture or some other marks or words might be stamped on them. Then to hinder people from rubbing or trimming metal from the edges of the coins they were given the treatment known as *milling*. When all this had been done, the modern coin had practically arrived.

Have you ever engaged in barter? Have you seen any one else do it? Was it easy to bring about the trade? Have you seen any "token" money issued by private firms? What objection would there be to using such money commonly?

95. What Money Does for Us. — Some people seem to think that nothing but money is needed in order to produce

¹ Our adjective *pecuniary* can be traced back to the Latin word for *cattle*, showing that the early Romans used cattle as money.

happiness. Yet money itself is absolutely useless for food, clothing, shelter, or enjoyment. It is one of the things whose value in *use* is almost zero. We want it for what we can get with it.

We ought to think of money as we would think, for instance, of a railroad track — as a material thing which has a particular kind of service to perform. Money offers conveniences which make trade easier — in fact, we may almost say that it makes modern trade possible.

What then are some of these conveniences resulting from the existence of money?

(1) It is a *medium of exchange*. That is, it will be accepted by a person who has something to dispose of, because with it he can get something that he wants, and because by its use it is not necessary to bring people together to make exchange directly.

(2) It is a *measure of value* or basis of calculation. We estimate the value of everything else in comparison with a dollar, for example, and are thus enabled to compare the values of things with reference to some common standard. On this account we can make trades to-day and pay for the goods at a later time on the basis of what they are worth when the trade occurs.

(3) It *makes savings possible* on a much greater scale than could otherwise take place. A farmer who raises potatoes would have some trouble in preserving them for food in his old age, but by exchanging the potatoes for money he can keep the money or invest it in some way so that it will be ready to buy food or something else later on.

Can you add other uses of money that would not belong under any of these heads? Point out very definitely how money is of use to a factory worker, a farmer, a doctor, a grocer.

The various uses of money and the things which take the place of money (§ 98) make up that branch of our business life to-day which we call *exchange*. This concerns, you see, not the actual moving of goods from one place to another,

but the conveniences by which it becomes possible for people to pay for goods which they have bought. The sellers of these goods may be people whom the buyers have never seen and who may live hundreds or thousands of miles away, as well as people with whom the buyers trade directly.

96. Materials That Are Good for Money.— In showing how the use of money came about, we mentioned a number of commodities which have been used for that purpose at some time or other but which are no longer so used. Let us see what the qualities are which anything should possess in order to be suitable for money. Then we may understand better why we use the particular materials that we do to-day.

(1) It must be *durable*. Surely we want something that will not wear out easily. A coin made of any other kind of material could not be depended upon to be worth its supposed value for any length of time. Besides, money which would wear out would be unsuitable for savings.

(2) It must be *portable*. Money which was heavy and inconvenient to carry would be a nuisance in making trades, and might be only a little more advantageous than barter itself.

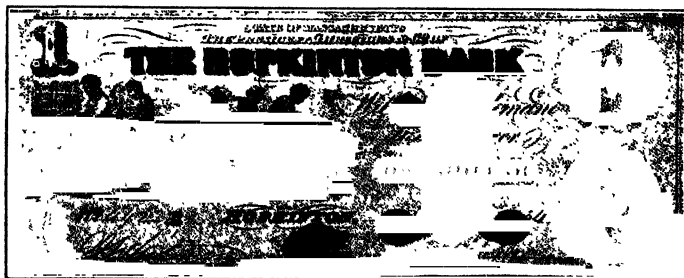
(3) It must be *divisible*. We want to represent different values by coins of different size, and so the material must be of such a character as to permit this.

(4) It must be *recognizable*. It must not look too much like other materials; if it did, counterfeiters would have an easy time.

(5) It should be *valuable in itself*. On general principles we do not like to accept anything in return for our work or for something that we have made, unless we know from its qualities that we can get other people to accept it in exchange for the things that we want. In some respects this particular quality is more important in primitive communities than in places where settled habits in business and an orderly government have been established.

What is the matter with iron, aluminum, platinum, tobacco, or mahogany as money? Do gold and silver possess all the desirable qualities? Why do these metals serve as the basis of the money systems of the world?

The mention of this last desirable quality of money may lead to the question, How can we use paper for money, if money must have value in itself? On the other hand, some people have argued that all we need to do for money is to set the printing presses going and to say to the people by law that everybody must accept the paper which the government prints and issues as money. What is the truth in the matter?



A STATE BANK DOLLAR.

Before the Civil War, a great deal of such paper money was in circulation. Whether one would accept it or not would depend on how much he knew about the bank which issued it. On the note we have another view of early shoe-making.

We can answer these questions better after we have studied a little about credit. But we may say first that the "big idea" in regard to money is that we are willing to take things that are of no real value to us directly if we can get with them the things that we do want. So, if we know we can exchange a piece of paper for gold or silver in case we want the metals, we are usually very ready to accept the paper. Part of our paper money is actually issued in place of gold and silver coins or bars which are kept in the United States Treasury.

But a considerable amount of our paper money does not actually have gold and silver to back it up. Some of it is really nothing but a promise on the part of our government that it will pay. If we believe that the government will keep its word, we will take its promise to do so and pass it from one to another as if it were the money itself. Some of the rest of our paper money would be made good, if necessary, by disposing of bonds, notes, and other forms of "credit instruments" (§ 99) which are in the possession of our banking institutions. As long as we believe that such obligations would really be met, or as long as we are able to exchange paper money for metal, if we want it, we are satisfied with the paper.

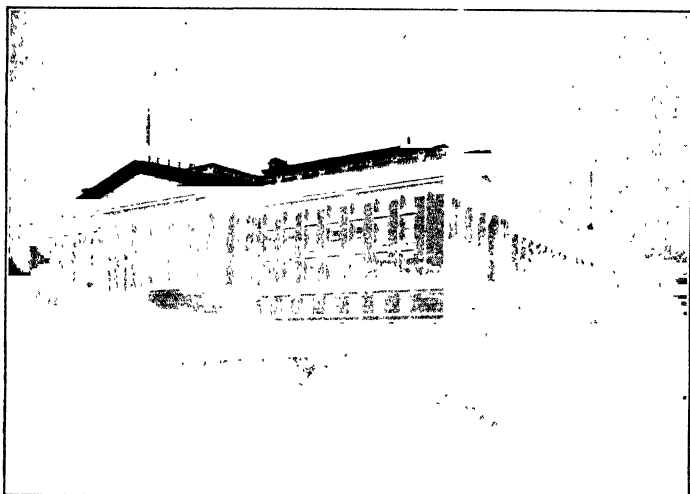
But suppose there were nothing at all in back of any of the paper money, and all we had to do was to print it and say, "You must take it." There would be a great temptation to print more of it than was really needed. Besides, if we bought goods from foreign countries, they would not be likely to want to take in payment merely some paper that did not represent any real value at all. Moreover, if our own people could get real gold or silver in other countries they would prefer to sell their goods away from home instead of taking paper for them here. For these and many other reasons it would be foolish now, at least, for any country to try to get along with money which did not have real value itself or represent real value in some way or other.

From your knowledge of American history review the story of the Continental currency and what became of it. Find out what the Greenback party wanted. Can you imagine any circumstances under which it would be wise for us to have only paper money? Why do you suppose gold and silver money has been more popular in our western states than paper money?

97. The Money of the United States. — When this country gained its independence, most of the money which our people used was either English or Spanish. Thomas Jefferson had, it is true, proposed a coinage system as far back as 1784,

but it did not get in working order for some time. The dollar was made the standard, and this was finally fixed by law as 23.22 grains of gold.

For many years the attempt was made by law to keep also as a standard dollar an amount of silver just about sixteen times as great as this. Here is the origin of the term "16 to 1," which was used very often in political discussions



THE TREASURY BUILDING.

The building at Washington is the headquarters for the handling of the money belonging to the United States government, but no money is coined here.

some years ago. The policy of having two metals as standards in this way is known as *bimetallism*. In practice, however, it did not prove much easier to keep a fixed amount of silver actually equal in value to 23.22 grains of gold than it would have been to keep a certain amount of potatoes equal to it all the time.

At last, in 1900, we gave up the undertaking and adopted the policy of *monometallism* — that is, we would have the

one metal, gold, as the standard. We still have silver coins, of course, but whatever metal our government needs for its other coins than gold, it buys in just about the same fashion that a maker of silverware would buy it for his business.

Our coins are made at a few great mints, in Philadelphia, New Orleans, San Francisco, and Denver. Strangely enough, the gold dollar, though it is the standard of our currency, is too small for convenience, and is not now coined at all. The gold coins which we now make are the quarter-eagle, half-eagle, eagle, and double-eagle — \$2.50, \$5, \$10, and \$20. Silver dollars are still in circulation, but we are now coining only the half dollars, quarters, and dimes of silver. We also have a great deal of use for the five-cent pieces, which are made of bronze and nickel, and the pennies, which are of bronze.

For money of the denominations of one dollar and upward, we use paper currency very extensively, especially in the East. Of this we have several varieties:

(1) *United States notes*, often called greenbacks. — These are nothing more than promises of the United States government to pay money. A certain amount of gold, called the gold reserve, is kept in the Treasury to pay these notes if coin is asked for them. But since this amount is nowhere nearly as much as the total amount of the notes, there is really nothing but the credit of the government to make these good.

(2) *National bank notes*. — In order to issue these, national banks are obliged to own government bonds or something of similar character to serve as security for them. Because the next two kinds of paper money are used so extensively, national banks do not issue their own notes as much as formerly, and in time will stop doing so at all.

(3) *Federal Reserve notes*.

(4) *Federal Reserve Bank notes*. — These two kinds of money are issued under the laws establishing the Federal Reserve system (§ 101). They are made good by notes or

other securities held by the Federal Reserve banks. The Federal Reserve Bank notes bear the name of the Reserve bank through which they are issued.

(5) *Gold certificates.*

(6) *Silver certificates.* — These are backed up by coin or bullion held in the Treasury. Gold certificates are not now issued in denominations below \$10.¹

Get samples of as many varieties of money as you can, both coin and paper. Study the paper money especially, and see how one kind differs from another.

The following table shows the amount of the different kinds of money now in circulation in the United States, and the amount of each kind in circulation on January 1, 1879. Compare the relative importance of the various kinds at the two dates and see if you can explain the difference. Is there any reason why we should need so much more money per capita now than in 1879?

KIND OF MONEY	OCT. 1, 1920	JAN. 1, 1879
Gold coin and bullion	\$ 835,498,298	\$ 96,262,850
Gold Certificates	387,016,649	21,189,280
Standard silver dollars	136,031,799	5,790,721
Silver Certificates	123,125,065	413,360
Subsidiary silver	258,515,704	67,982,601
Treasury Notes of 1890	1,642,138	—
United States Notes	337,388,247	310,288,511
Federal Reserve Notes	3,278,383,996	—
Federal Reserve Bank Notes	229,728,860	—
National Bank Notes	710,434,542	314,333,398
Total	\$6,297,765,298	\$816,256,721
Estimated population of U. S.	107,407,000	48,231,000
Money in circulation per capita	\$58.63	\$16.92

98. Substitutes for Money. — Suppose your father wants to pay his milk bill. Quite possibly he sits down and writes some words on a printed form, signs his name to it, seals it in

¹ There are also a few "Treasury Notes" which were given out in connection with the purchase of silver as required under a law passed in 1890, which is no longer in effect.

an envelope, and says to you as you go to school, "Be sure you mail this check." Perhaps you and your mother went to Rosenbaum's, where you saw a coat that you liked. She said to the clerk, "Charge it, please," and the delivery truck brought it to your house the next day. Everybody seemed to be satisfied. You got your milk or your coat and yet no one in your family paid a cent for either. How can this be?

Such dealings are possible simply because there has grown up in the civilized world a very extensive use of what we call credit. *Credit* means simply the giving or receiving of a promise to pay in actual money. We see it in very many forms.

When we say of some one, "His credit is good," we mean that he has such a reputation for keeping his promises and paying his bills that people are willing to let him have goods simply on his promise that he will pay for them at some time in the future. This idea is at the bottom of the practice of many of the stores in permitting people to have a *charge account* or *book credit* with them.

Another form of credit is a *promissory note*. This is nothing more than a promise that at a certain time or "on demand" a person or firm will pay a certain amount of money. Commonly such notes carry with them a promise to pay interest also. To make sure that he gets his money, the person in whose favor the note is made sometimes asks that some one else besides the one who owes the money shall "indorse" the note. Then this indorser can be called on for payment if the other person fails.

But often in making payment no real money is handed over. The *check*, to which we referred above, is only an order instructing the bank to pay a sum of money to some one. Unless I have some reason for thinking that the person who wrote the check does not do business with that bank, I will probably accept the check almost as readily as if it were cash, and sometimes perhaps more readily. By "indorsing" my name on the back, I can pass it on to some one

else just as if it were money, except that in this case he must consent to accept it.

Somewhat similar to the check is the *draft*. This is an order from a person or firm known as the "drawer" telling another person or firm, called the "drawee," to pay a sum of money to a third party, termed the "payee." The making of the draft assumes that the drawer and the drawee have business dealings with each other such as to warrant the transaction. Drafts are sometimes made payable some time after they are written. Banks often "discount" drafts and notes. That is, if a person who receives one of these wants his money at once, the bank will subtract from the full amount of the draft or note a sum equal to the interest on that amount up to the time when it is to be paid, and give the person the rest of it.

On the same principle as the draft is the *bill of exchange*. This is much used in dealing with foreign countries. It is somewhat more complicated in form, and is often made out in triplicate — that is, with three copies alike, to make sure that one arrives. Then when one of the three is paid the others become worthless.

A practice that has recently gained considerable favor is the use of the *trade acceptance*. This is an order to a person or firm that has bought goods, telling the buyer to pay to some bank at a specified time the price of this particular order of goods. When the buyer has "accepted" it by writing on the face of the order the necessary words and signing his name, the seller can take it to a bank and have it discounted the same as if it were a note. When the time comes for the payment to be made, the seller's bank makes a demand upon the bank with which the buyer does business and the bank then charges the necessary amount against him on its books. In this way some convenience has been rendered to everybody concerned — except, perhaps, the banks, and probably no money at all has been used.

Post office money orders, express money orders, traveler's

checks, and the like, are other means by which one sends or accepts an order or a promise instead of actual cash.

Bonds and stocks are still other examples of credit certificates. They represent money that has been invested in some business or lent to responsible persons. They do not pass from one person to another as a substitute for money, however, so readily as checks, drafts, and the like.

Try to get samples of cancelled checks and other forms of credit instruments and become familiar with their form and language. They are not always just alike. Discuss the advantages and disadvantages of using any one of these in place of money.

99. The Importance of Credit. — Merely reading about the different kinds of credit instruments must make you think that an enormous amount of business is probably done with their help. Very likely in nineteen trades out of every twenty some form of credit is used. Credit is based on the idea that money exists and can be had if it is needed. If anything should happen so that any great number of people should at the same time demand real money instead of all these promises and substitutes for it, an awful smash-up financially might occur. It is of great importance, therefore, that our system of credit shall be kept sound and healthy. Assuming that this is done, we notice these advantages in the use of credit :

(1) It is wonderfully convenient. How awkward it would be if every one always had to carry with him coins enough to buy everything he wanted! Many large business deals would be almost impossible if this were necessary.

(2) It makes long-distance trade possible. Transactions between Philadelphia and San Francisco, New York and Shanghai, London and Boston are about as easy as if they were made across the street. If it were not for this use of credit, commerce between people of different nations could hardly be on a basis much different from that of barter.

(3) It saves the use of the precious metals, gold and silver, so that they can be employed for other purposes.

(4) It enables governments and corporations and individuals to undertake great enterprises which could not be considered if the actual cash had to be in hand before the work was started. To carry on a war or construct the Panama Canal or lay out a railroad would be out of the question to-day without the use of credit.

But like all other good things credit may be abused. When a bank makes a loan to some one, for instance, it probably does not give him money but lets him write checks on that bank up to a certain amount, and makes him pay interest on it just as if he received the real money. If a bank makes too many credit loans which can not be collected on short notice and then if something happens which calls for an unexpected use of money by the bank, it may have to close its doors until its affairs can be straightened.

When people do not have to pay cash for things, they are sometimes tempted to order more than they should. Buying stocks on a "margin," when one pays down only a little part of the entire value of the stock, expecting its price to go up and then to sell it, is a kind of gambling which has brought ruin to many people. Corporations, too, have been known to issue stock that did not represent any actual investment in the business and then to undertake to pay dividends on this stock just as on the legitimate stock issued. This practice, known as stock watering, is frequently unwise and unfair both to their employees and to the public.

But with all the possibilities of misuse — and we have not mentioned all of them — credit is absolutely essential to modern business. Its benefits are so many and so great that our thought about it should be simply, "How can we make it as safe as possible and most nearly prevent its abuse?"

To what extent does your family make use of credit, either in business or in family matters? Why do stores often ask people to open charge accounts with them, when it always costs them something to carry such accounts?

100. Banks and What They Do. — We have mentioned banks several times, taking for granted that you know that there are such institutions and that they have something to do with money. Before going further, we ought to consider a little more definitely their services, for they are of tremendous importance.

A *bank* has a charter like any corporation and is organized on about the same principle, for the purpose of receiving, keeping, and lending money and making possible the use of the various forms of credit. Its profits are paid in the form of dividends to those who hold its stock.

Years ago almost anybody who could get a person to trust him with some money might start a bank just as he might open a barber shop if he felt so disposed. But so much harm was done by bankers who were rascals or who lacked judgment that laws had to be passed to regulate them. For many years banks were regulated or inspected only by the state government, and many banks to-day are chartered by the state. But in 1863 our present system of national banks was begun. Out of it has developed our great Federal Reserve system (§ 101).

All banks are inspected every little while by some agent of the national or state government, depending on whether it is a national or state bank. They make statements of their condition, showing their assets (what they possess or what is owed to them) and their liabilities (what they owe). These are printed in newspapers and filed with the proper government officers.

Find in the newspapers or in the report of the proper state official such a statement for your local banks and find out what the different items mean.

But what are the particular things which banks do?

(1) They receive, keep safe, or lend money. If it is left with them for any length of time, many banks pay interest on it. Of course they charge interest for any money that they lend.

(2) By collecting small savings from many people, banks make it possible, by lending these savings, to use them in large enterprises, where small savings would not count for much by themselves.

(3) They encourage the use of credit instruments such as checks, drafts, and the like. They themselves make a



Courtesy of Guaranty Trust Company.

A MODERN BANK BUILDING.

The inside view of the bank appears on page 237.

great deal of use of credit. Without their aid business men of to-day would be very greatly inconvenienced.

(4) Many banks have special savings departments, safe deposit vaults, real estate departments, and the like, and

attend to various kinds of matters connected with money or property.

National banks are not allowed to lend money which they cannot collect on short notice and are also not permitted to do such business as looking after the property of deceased persons or those under twenty-one years of age (who are known by law as *minors*). Other institutions, however, which are often called *trust companies*, make a specialty of this kind of service, as well as doing a regular banking business. Be sure you do not confuse these with the use of the word "trust" in Section 64. Savings banks, as the name suggests, are established particularly for the purpose of receiving funds in small amounts and keeping them some little time.

What have banks ever done for *you*? How much do any of your family make use of them? How did the banks help the government during the Great War?

Since every bank doing a regular business receives checks drawn upon hundreds of other banks and has many other dealings with them, a great amount of trouble would be caused if every bank had to deal separately with every other. So a country bank in New England will probably have some one bank in Boston as its agent or correspondent and will handle all its Boston business through that bank.

In the large cities, too, the banks unite in conducting a *clearing house*. This institution balances up the accounts of all its members with one another, and makes it unnecessary for a bank to send money or drafts back and forth between itself and every other bank in the city. The clearing house considers itself the representative of the general financial interests of the city, and sometimes takes special action when its members are in difficulty through no fault of their own, or when for some other reason the city may need something out of the ordinary in a financial way.

Find some figures that show the amount of money represented in the business done by the clearing houses in the various cities during a year. See how the cities compare in this respect.

101. The Federal Reserve System. — Almost every bank of any importance in the United States is now a member of the great Federal Reserve system. This is organized under a law passed in 1913, which is often called the Glass-Owen act, from the names of a representative and a senator who had much to do with its passage. This law requires all national banks to belong to the system. It permits banks to join which have charters only from their state, and the advantages of membership are so many that these banks are very ready to come in.

At the head of this system is the Federal Reserve Board, which is composed of several men. The Secretary of the Treasury and the Comptroller of the Currency are always members, and the other five are specially appointed by the President. This board has very extensive powers in directing the entire system and determining its policies.

The country is divided into twelve Federal Reserve districts. In an important city of each district is established a Federal Reserve bank, which becomes in a way the financial center of the district. This bank does not do business with individual depositors, but for the other banks of the district it performs the same kind of services that the ordinary bank would do for its depositors. It discounts notes for them, lends money to them, issues paper money, and does anything that may be needed to keep the district safe and sound in a financial way.

Very soon after the system was put into operation in this country the Great War started. The war put upon every nation in the world the severest kind of test financially that could be imagined. But our country came through it with much less strain and trouble than most people thought would be possible. For this happy result the lion's share of the credit may belong to the successful working of the Federal Reserve law. Just now, anyway, no one seems to have any notable improvement to suggest in connection with it.

Look at your paper money again and see what you can find on any of it that will tell you something about the Federal Reserve system.

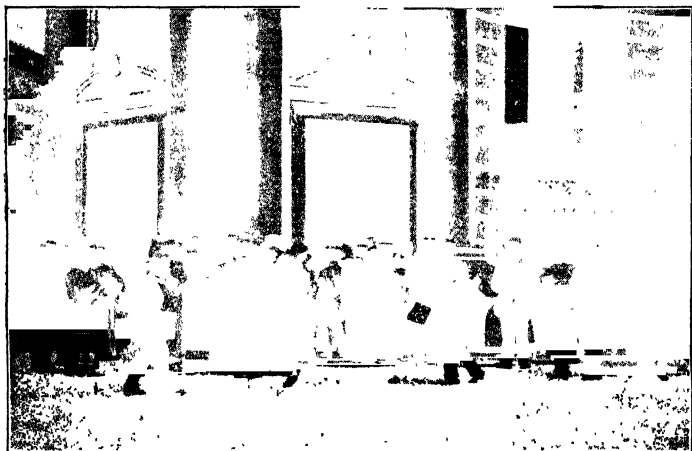
102. How Banks Safeguard Their Business.— If a bank had to keep on hand all the money which was left in its care, and return this same money later to its owners, the banking business would be no different from what it was at the beginning. Then the banker's only profit was the charge he made for keeping the other man's money safe. But the banker to-day earns his profits by lending the money which is intrusted to him and getting more interest on it than he has to pay to the person who deposited it with the banker.

The banker has to be prepared to pay back the money which is left in his care. But experience has shown that only a small part of this is likely to be called for at any one time. Therefore, if the bank keeps on hand enough currency to meet any demand that is likely to be made, it can safely lend the rest of its deposits and get interest on them. The Federal Reserve act requires some banks to keep at least 12 % of their deposits as "reserves" where they can always get hold of them, others 15 %, and others 18 %. Part of this amount must be kept in the bank's own vaults, and part of it deposited with the Federal Reserve bank of its district.

In order to keep its reserves always at about the same point, the bank must arrange its loans so that they will be repaid at such times as will keep the bank's funds reasonably constant. Banks lend some of their funds on "call"—that is, so that they can demand that the amount be repaid whenever the bank asks for it. The rest is largely lent on "short term" notes, which are due in 30, 60, or 90 days. Commercial banks can not safely let much of their funds be out for a much longer time than that, though frequently when a note is due, the bank will permit it to be "renewed." Savings banks, however, often lend money on mortgages and in other ways which do not permit it to be collected on very short

notice. That is why they reserve the right to require a depositor to give several days' or weeks' warning when he wishes to draw out a large sum.

Banks are careful, too, about the people to whom they make loans. They will not lend to a person who is not known to them or who does not have a good standing in his community. When a person gives them a promissory note, they often



A RUN ON A BANK.

International Film Service.

For some reason these people have gained the idea that they are in danger of losing their savings, and are hurrying to draw them out before the bank closes its doors.

request him to have some other person "indorse" it, so that if any difficulty arises about the payment, the indorser can be called upon as well as the original maker of the note. Sometimes a person receiving a loan from a bank is required to turn over to them something as "collateral." This may be bonds or some other "paper" that has a recognized financial value. Then if the loan is not repaid as it should be, the "collateral" may be sold and the bank thus assured of getting what is due to it.

What conditions would you expect to exist with reference to any person or firm in order to gain a good standing financially? Find out what the names "Dun" and "Bradstreet" signify in this connection. Business men and firms are rated in different classes in regard to their financial soundness. What differences could there be among people doing an honest business that would justify making distinctions?

Perhaps you say, all this is very good from the bank's viewpoint, but what reason does the depositor have for being sure that he will get his money back if he intrusts it to the bank? The chief reason is this — that nowhere is it more true than in the banking business that "Honesty is the best policy." No bank can do business very long unless people trust it, for if they do not have confidence in it they will not let it have their money. In order to get money to lend, bankers must be square and honest themselves.

But since honest men sometimes make mistakes, and since once in a great while a dishonest man gets into a position of responsibility, there are laws passed by both state and national governments which aim to prevent such misfortunes. Banks must comply with these regulations or lose their charters. Inspectors appear every two or three months, with authority to look into everything the bank has done, and statements of the financial condition of the banks are published in the newspapers and in official reports.

In spite of every precaution a rascally cashier will sometimes be able to conceal thefts of a bank's money for some time, but sooner or later he will be discovered. All the responsible officers of a bank are heavily bonded. That is, other men or bonding companies have pledged to pay a considerable sum of money in case the official goes wrong. When a bank because of dishonesty or bad management is obliged to close its doors, paying back the depositors' money is about the first thing that is undertaken. Stockholders can be called upon for additional payments if necessary to make good what is due the depositors.

Much excitement is usually aroused when a bank gets into

difficulties, but the number of bank failures is exceedingly small in comparison with the number of banks doing business. All in all, it would be hard to find a safer place to put one's money than in a bank.

If any banks that you know of have failed, what was the cause? Where would your money be safer, in a savings bank or invested in the stock of a banking company?

103. Paying Debts between Nations. — Let us understand right at the start that we do not mean to discuss here any payments which governments make to one another. During the Great War the United States government made loans to the governments of our allies, and they did some lending among themselves. But in ordinary times this is not very common. The payments made between nations are usually what the citizens of one country owe to the citizens of another.

The two most common ways of paying such debts are by shipping gold and by sending bills of exchange. It is inconvenient to ship gold, it is somewhat risky, and there always has been a kind of prejudice which has made people hate to ship gold out of their own country. So it is seldom done except when the cost of carrying the gold, insuring it, and the like, is less than the rate charged for bills of exchange.

Bills of exchange, by the way, are bought and sold by people who have occasion to do it, or who make it their business, in almost the same way as the goods which are to be paid for. Because countries have different money systems, the paying of foreign debts is somewhat more complicated than paying debts at home. Before the War the English pound sterling was a kind of general standard, because of the financial importance of London as a center of the world's business. The War, however, upset the money conditions of Europe completely, and New York gained greatly in importance, with the result that the American dollar came into common use as a standard of payment. As it was sometimes expressed, dollar exchange began to take place of the sterling exchange.

But whether bills of exchange are expressed in dollars or pounds, when a man in New York or Philadelphia owes money to a firm in Liverpool or London, he may buy from some banking house in his city a bill of exchange and send it to his creditor in England for payment. This creditor will probably deposit it in his own bank, which will call upon the English banking house mentioned in the bill. Very likely the English banking house and the American bankers who sold the bill have a permanent account with each other, and make no attempt to make payments back and forth for every single transaction between them.

One question that may occur to you is this: Suppose one country year after year buys from another country more than it sells to it. How is the country which does the buying going to pay for the goods? This has been the case between Great Britain and the United States for a long time.

Let us understand first that any particular debt of \$10,000, for example, may not be paid by any particular payment of \$10,000. A great many things help to balance the account. If Americans had to pay English shipowners for carrying goods to and from this country — and this has been common — it would help to pay for what Englishmen owed us for goods. Then many more Americans visit England and spend money there than there are Englishmen who spend money here.

Some of the balances are adjusted by what is often called three-cornered trade. A common way of showing this is the following: Suppose the United States buys more from Brazil than we sell to Brazil, and Great Britain sells more to Brazil than she buys from Brazil. Then what we owe to Brazil and what Brazil owes to Great Britain will balance in part what Great Britain owes us. Of course half a dozen countries might be involved in this balancing process, instead of just three.

No nation can forever buy more from the rest of the world than it can pay for. If Britishers have made investments

in the United States, these could be turned over to pay for the goods they bought here, if this were the only way the goods could be paid for.

Look up the figures about the foreign trade of this country. Find out what countries are our creditors and what countries our debtors. See if you can explain why in each case.



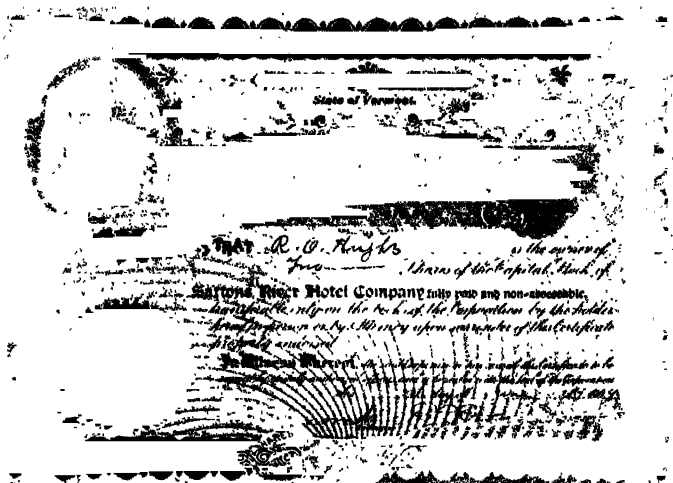
Courtesy of Guaranty Trust Company.

THE INTERIOR OF A BANK.

This is the Asia Banking Corporation's place of business in Shanghai, China.

104. Selling Stocks and Bonds. — Among the forms of credit very commonly mentioned in discussing business operations are stocks and bonds. These represent money actually used in business, except, as we have seen, that what is called "watered stock" does not represent any actual new investment. Both stocks and bonds are issued by corporations that wish to get people to let them have money to use, but there is a difference between them.

Stock is sold in "shares," most often reckoned at \$100 each. Usually each share of stock entitles its holder to cast one vote in a stockholders' meeting where the officers of the corporation are elected or other business is transacted. The profits of the business are divided among the stockholders in the form of "dividends," in proportion to the amount of stock that they own.



STOCK CERTIFICATE.

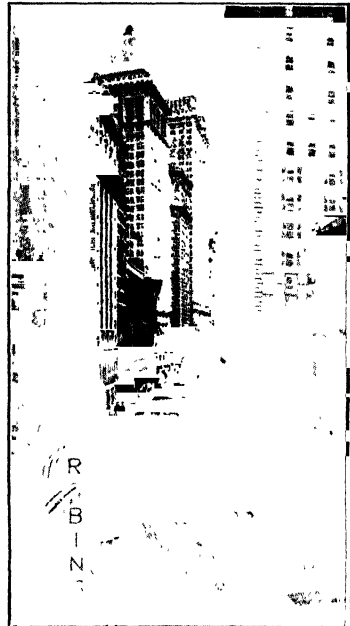
The most common par value of a share of stock is \$100, but other amounts—\$50, \$25, \$10, or even \$1—are sometimes preferred. Ordinarily the holder of this certificate would have two votes in a stockholders' meeting.

If the business is prosperous and pays large dividends, its stock will rise in price and may sell very much above "par," that is, what its value is supposed to be. If the returns are small, the stock may sell very much below par. Stock is sometimes issued in two forms. *Preferred* stock is limited to a certain rate of dividend, but this must be provided for out of the profits before any other dividends are

paid. *Common* stock takes whatever is left for dividends after the preferred stock is provided for. Sometimes, therefore, it may not get any at all, but if the business is very profitable, it may get even more than the preferred stock.

Bonds represent money which has been borrowed. They are a kind of promissory note, on which the corporation agrees to pay a certain interest at fixed times. They are usually issued in different amounts, such as \$100, \$500, \$1000, and so on, and may be bought and sold like anything else. The bondholder is a creditor of the corporation, but, unlike the stockholder, has nothing to say about its management. If the bonds do not bring a high rate of interest, they may sometimes sell below par, even though nobody is afraid that they will not be paid when they are due. No one worries, for instance, about Uncle Sam's ability to meet his obligations, yet most of the Liberty bonds are bought and sold under their par value.

Concerns which have stock or bonds to dispose of may not wish to bother with the actual work of selling them. Besides, people who wish to invest their money in this way find it convenient to have a place to go for information and other



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NEW YORK'S FINANCIAL CENTER.

The crowd in the foreground are curb brokers. We are looking up Broad Street toward Wall Street. At the end of the street is the U. S. Treasury Building. The building on the left side of the street with the pillars in front is the New York Stock Exchange.

service ; so a business has grown up which is entirely devoted to this kind of thing. People who engage in it are known as *brokers*.

In every large city is an organization called the *stock exchange*. In this are represented the brokers who do business in stocks that have a recognized value. People who for some reason wish to dispose of stock in some corporation can intrust the sale of it to a broker. He in turn will try to find another broker who has been asked to buy some of it, and if the two can agree on the price, a sale will be made.

Stocks in corporations which have not established a reputation or which are of doubtful character are sold outside of the stock exchange at what is called the *curb market*. Much of such stock is bought by people as a kind of gamble, in the hope that its price will go up a little and then it can be sold. In fact so much of this kind of thing is done that some people think that all brokers are gamblers or dishonest people. But that is a very wrong idea.

There are also people who do nothing but buy and sell bonds. When a corporation wishes to borrow money to expand its business or for some other special purpose, it will prepare an issue of bonds and then ask one of these "brokerage houses" to look after the work of disposing of them. Then the bond house will try to find individuals, savings banks, or societies of one kind or another that have some money to invest, and will try to interest them in these bonds.

If you have some Liberty bonds, look them over and see what is said on them. Read the "market" page in to-day's paper and see what you can make of it. Are any stocks mentioned there which you would judge to be very good investments? Are any mentioned which you advise people to keep away from?

105. Keeping One's Word. — The whole system of credit which we have been discussing rests on the supposition that people will usually do as they agree to do. In law and in business we hear a great deal about contracts. A *contract* is simply an agreement between two or more parties to do or

not to do some particular thing. The law expects a contract to be held sacred, and assumes that a person will do everything in his power to carry out an agreement to which he has pledged himself.

So important did the makers of our national constitution consider the making of contracts that they put into it a clause forbidding a state to pass any law "impairing the obligation of contracts." Of course a state law can require future contracts to be made differently than before, but it must not affect contracts already made. Our courts have interpreted the word "contract" very broadly. The charter of a college, a grant to a land company, as well as agreements to buy or sell goods, are examples of different measures that have been ruled by the courts to be contracts.

The whole business comes right down to this — keeping one's word. Unless we can depend upon others to do what they say they will do and they can depend in the same way upon us, the only fellow who is safe is the one who is strong enough to force others to do as he tells them. To make a contract safe for the weak as well as the strong, the state has its courts open to try those who are accused of breaking contracts, and its officers will add their own authority, if necessary, to see that a contract breaker is dealt with properly.

Public sentiment is strong in regard to this matter. An employer who agreed to pay his men a certain rate of wages and later suddenly declared that he would not do it, would have very hard work to set himself right in the eyes of either his men or the public. So, too, the surest way for a labor union to make itself unpopular is to permit its officers to sign an agreement in regard to wages and then to go on strike before the agreement expires. Union officers themselves recognized this principle clearly at the time of the "outlaw" railroad strike of 1920. If union members will not abide by agreements which their own officials have made in the name of the union, the whole principle of collective bargaining, so dear to the union man, falls to pieces. Whether we are

union members, business men, or ordinary private citizens, we must all keep our word, or there will be no certainty about anything.

Find examples of as many different kinds of written contracts as possible. Are any penalties provided in case they are violated? Would you ever justify one's breaking a contract? Can *you* make a binding contract? Why?

QUESTIONS

What is barter? Describe how it had to be carried on. Does barter still occur? What is money? Why was it necessary to have it? Mention some things which have been used as money at different times. What disadvantages do any of them possess? When were coins first made? What steps took place before the modern coin arrived?

Why is it that we all want money? What are some of the conveniences resulting from the existence of money? How is money a medium of exchange, a measure of value, or a means of saving? What is meant by *exchange* in the business world?

What are the qualities which a material should possess in order to be suitable for money? Why are these qualities necessary? Why is it we are willing to accept paper money? What would happen if there were nothing behind any of our paper money?

Explain *bimetallism* and *monometallism*. Which policy have we adopted? How did the term "16 to 1" originate? Where are our coins made? What coins have we made of gold? of silver? What other coins have we? Name the different varieties of our paper money. Give a distinguishing feature of each.

What is meant by *credit*? What dealings are made possible by having such a system of credit? Mention as many different forms of credit as possible and explain each.

On what idea is credit based? What are some of the advantages that come with the use of credit? How may credit be abused? What is meant when we say a person's credit is good?

What is a bank? How were banks organized in early times? When was our present system of national banks begun? How may we discover the financial standing of our bank? What are the particular services which banks perform?

What are some of the services which national banks are not allowed to perform? What are the special services of trust companies? What safeguards does a bank insist upon for the protection

of its own resources? What assurances of safety does a depositor have?

What is the most common way for banks to handle their business in other cities? What is a clearing house? Describe its services.

When was our Federal Reserve system organized? What is the name of the act that provided for it? What banks are members of this system? Describe the Board at the head of this system. How many Federal Reserve districts are there? What are the duties of the Federal Reserve banks in each district? What have been the results of this system?

What is meant by the payment of debts between nations? What are the most common ways of paying such debts? What are the disadvantages of paying in gold? Explain the terms "sterling exchange" and "dollar exchange." What is a bill of exchange? What is the most common way for an American to pay what he owes to some foreigner? How are the accounts between nations balanced? Explain three-cornered trade.

What are stocks? Distinguish between "preferred" and "common" stock. What are some of the privileges that come with being a stockholder? What are bonds? How do they differ from stocks? What is the most common way for selling stocks and bonds? What is a *stock exchange*, a *curb market*, a *bond house*?

Define *contract*. Mention different forms. Discuss their importance.

SPECIAL TOPICS

Our Family Bank.

What Banks Do with Their Money.

Why We Can Trust a Bank.

Our Mints and How They Are Managed.

The Stock Exchange in Our City.

The Currency Systems of Other Countries.

The Bureau of Engraving and Printing.

Our Federal Reserve Board.

The Business of a Broker.

The New York Curb Market.

Dun's and Bradstreet's Agencies.

A Minor's Rights and Responsibilities in Making Contracts.

CHAPTER XII

MAKING LIVING CONDITIONS BETTER

Thrift is essential to success. Poverty is the result of waste and extravagance, spending each day a little more than is earned.

—Chamberlain.

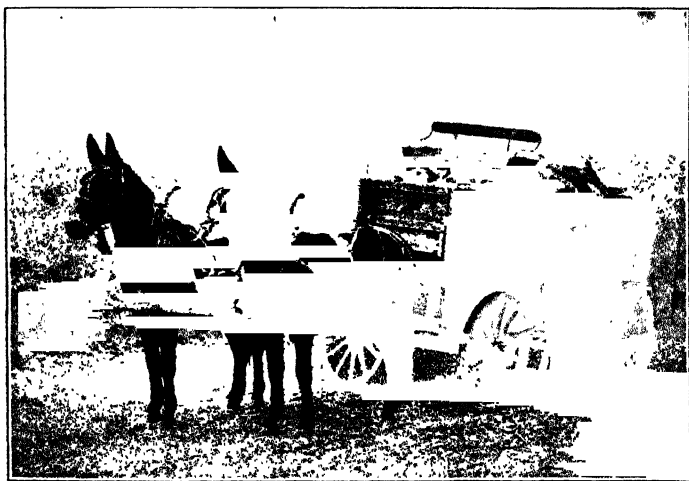
106. What Makes a Thing Cost? — Up to this time we have been studying for the most part conditions as they are. Now let us consider how we can remedy the existing evils and make conditions more nearly what they ought to be. We have remarked that Nature supplies enough of everything to meet everybody's needs, if her gifts are properly used. Most of them, however, she does not provide for us as she does air and water. Some people take the gifts of Nature, put them into such form as we want them, and then we must buy them from the one who has them to sell. What determines the amount we shall have to pay for them? There are many factors which enter into the cost of an article.

Land is the first factor to be considered. As we have already seen that our natural resources are fast being destroyed, it is small wonder that raw materials are increasing in cost and hence the finished product is even more expensive than ever before. When our forefathers first came here the land was fertile, the forests were plentiful, and fish could be caught in huge quantities. Many things could be had just for the taking.

Now all this has changed. Much of the land in our eastern states is worn out. Our forests have been cut down ruthlessly and some of our fisheries have been almost destroyed. As our natural resources have diminished, they have become

more and more valuable. So whatever part of the cost of things is due to the raw material needed in making them has much increased.

Besides, the man who owns the land where some huge factory is erected naturally demands some returns for its use. This, too, must be added to the cost of the article produced. The same man may own both the land and the factory, but he wants returns from his investment in both. So we can easily see that land is an important factor.



UNPROFITABLE TRANSPORTATION.

A poor road, a badly constructed wagon, and slow motive power.

Then there is the cost of present day labor. If skilled labor is required to do this work, higher wages must be paid than if unskilled labor is employed. As we all know, labor is coming to demand more and more for its part in production and, what is more, is getting its demands. This cost of labor, then, must also be considered in determining what the cost of an article shall be.

The use of so much capital in production is another reason

for expense. Wornout machinery must be replaced, new tools must be bought, and the buildings must be repaired from time to time. For all these improvements the owner demands some compensation. Consequently he increases the price of his product and the user is the one who pays.

But one of the greatest factors that affect cost is the present day method of marketing. We no longer get our goods first hand. In fact there are many people between the producer and the consumer, all of whom want something for their services, whether they are absolutely needed or not. We buy our groceries from a retailer, who no doubt obtained them from some jobber. The jobber in turn may have received them from a distributing agent, who may have obtained them direct from the manufacturer.

The Federal Trade Commission when recently investigating the reasons for the enormous price of shoes discovered that at least five classes of people made a profit on every pair of shoes. The cattle dealer, the tanner, the manufacturer, the wholesaler, and the retailer each helped to increase the price which the user must pay.

Moreover, the salesmen for several jobbers who are engaged in the same line of business go over the same territory. Six or eight different milkmen sell milk in the same part of a city. It would not cost very much more for one salesman or milk dealer to serve all the people of a district than it does for him to visit the people who actually do business with him. The wages or salaries paid to all who are engaged in this kind of work help to raise the cost of the product to the persons who finally use it. The fault in this case may not rest upon any particular individual, but the system seems wasteful of time, energy, and money, when you look at it from the public's viewpoint.

Add to all these items the cost of correspondence, of store rents, of advertising, of transportation, and dozens of other little things which are not done for nothing, and it is not at all surprising that by the time an article gets into the hands

of the one who is to use it, he is often ready to complain loudly about what he has to pay:

Can any of these items that enter into cost be dispensed with? Make a list of the different elements of expense that entered into the cost of this book. Can you estimate what it would cost one man if he tried to make it all himself? Does the fact that we could not make things ourselves for even the high prices which we sometimes have to pay justify the producers of them in demanding more than a fair profit for themselves?

107. Influences That Make Prices.—First of all, what do we mean by price? Simply stated, *price* is the exchange value of an article, expressed in terms of money. Price, however, may vary in meaning.

The price which any article has to-day when bought and sold is known as its *market price*. Such a price may change from day to day, and sometimes even from hour to hour. Sugar may be eleven cents a pound to-day and twelve cents next week. Its price may rise still higher or drop down again. It may even remain the same for some time, but the important fact to remember is that market prices always tend to vary.

Normal price, however, is the average price of an article during a given period of time. Above and below this figure the *market price* may move from week to week, but the normal price is the point toward which market price is always moving. Of course, the two figures may sometimes be at the same point.

But what are some of the influences that tend to make prices? Supply and demand are usually considered the most important. Let us understand the meaning of these two terms. *Supply* is the amount of a commodity available for use at any given time. The coal which may be hidden deep within our mountains and which no one has yet worked can not be considered as a part of our country's coal supply. The coal, however, which is mined daily in this country does make up our supply, for it is available for use when needed

by the people, and comparatively little work is needed to put it where they can burn it.

By *demand*, we mean not only the desire for a certain article but also the ability to gratify the desire. The poor man may desire with all his heart to possess a fine automobile, but his desire alone can not in any way influence the supply of automobiles. He must have something which the seller will accept, to give in exchange for it. In other words his demand must be effective.

Especially in the necessities of life does supply play an important part in prices. If the supply of flour or sugar is great, their prices are generally low, while if the supply is small high prices are the result. The demand in either case is about the same, for sugar and flour are real necessities, and we use about the same amount from one year to the next.

But a different condition prevails in regard to other articles. Demand for many an article varies with its price. If a quart of milk should cost two dollars, some people would be forced to buy if they desired to keep their babies alive. But the great majority of persons who would like to buy could not afford to do so. But if the price were reduced to thirty cents, many more people would become purchasers. And so as the price of the milk would decrease, the demand for it would tend to increase. People are always more willing to spend one dollar for an article than two dollars.

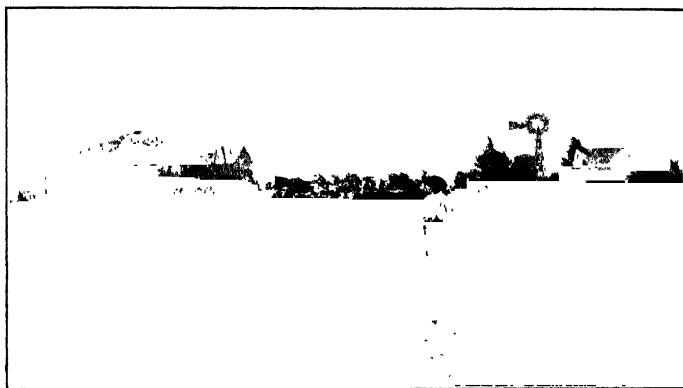
And so we see that these three factors, price, supply, and demand, are never separate. All work together and each has its effect on the others.

Another influence which helps make prices is *monopoly control*. We have already studied monopolies (§ 67) and we know that without regulation they may become a menace to the public because of their ability to charge high prices. To a very great extent they are able to set their own prices and to decide what the supply shall be.

Then there is the cost of production and marketing, which is always the first and usually the greatest factor which enters

into the prices charged. But we have considered all this in the previous section and need not again go into detail.

Under what circumstances, if at all, would you be willing to pay one dollar a pound for sugar, flour, ice, beans, butter? Why? Make a list of ten common articles whose price changes little. Explain why in each case. What influences would cause you to buy a razor, fountain pen, camera, or newspaper? How much would you be willing to pay for any of these, and why? Salt is extensively used and is cheap. Why is this? Why are diamonds expensive?



MAKING GOOD.

This man had the enterprise to go out into the desert and start for himself. His first crop of alfalfa is ready to cut. The entire cost of his water rights is now paid for. This is in the Minidoka Project, Idaho.

108. What Determines One's Income? — The demand may be greatly affected by the amount that people are able to spend for it. There are various factors that aid in determining what one's income shall be. These may be grouped under four heads: chance, opportunity, ability, and the power to demand.

A man may buy a piece of land for a small sum and afterwards discover that it will yield oil or that it is a particularly desirable spot for a railroad company. His future, then, is made, through no effort whatever on his part. It was merely

a matter of *chance*, but nevertheless it has made him a rich and prosperous man.

Or he may be so fortunate as to inherit or have given to him a considerable amount of capital, which increases his income greatly. Such people, however, are few. Good fortune in the case of the ordinary man does not add much to or take much away from his income.

Then there is the man who takes advantage of the *opportunity* that comes his way. He may hear of a certain company that is selling stock which seems sure to bring in great returns. He buys and his income is enlarged as the business increases. He has seized his opportunity and has succeeded.

Two boys may be offered a position which means hard work and small pay until they have proved themselves. One takes a job which pays a little better at first but never offers much advance. The other starts at the lower salary, but keeps "plugging away" until he rises to a position of influence and is well paid for his services. Both had the same opportunity, but one accepted it and the other did not.

"Opportunity knocks once at every man's door," says the proverb. Sometimes, it is true, she may be hard to recognize. But bad luck or "no chance" is only a partial excuse for a poor income. If opportunity does not come of her own accord, most fellows can find her if they look long and hard enough, and use good judgment in their search.

Then there is *ability*, which is partly the result of education and partly of experience. This one factor, perhaps more than any other, determines what a person's income shall be. The man of superior skill and intellect, whether he be a worker in the mills or a clerk in some office, should receive a larger income than the inefficient man who works next to him. When workers have to be laid off in hard times, the poor workers are laid off first. And without doubt this is the best and fairest way for incomes to be decided. Good faithful work should always be generously rewarded, and in the long run it usually is.

The *power to demand* is another important factor in determining income. We can see this very plainly in our modern labor union. Formerly a man might go to his employer and ask for more pay, urging his needs or his faithfulness as the reason why an increase should be given him. But the employer, if he was so disposed, was likely to be in a position to tell the workman to leave if he did not like his wages. Now all this is changed. Workers in many industries, by banding together, have become so powerful that the employer may be forced to accept their terms or else not have his work done. And so the labor unions, with this bargaining power which is theirs, can to a great extent decide what the worker's income shall be. This power to demand is also in the hands of the monopolist. If he alone manufactures a certain article, he is able to charge any price he wishes for it. Consequently his income may be great or small depending on his own personal desires and his good judgment.

What factors decide what the incomes of teachers and preachers shall be? Is this right? Mention five occupations that you know in your community and tell what factors have most to do in determining what the incomes from them shall be? Do you think this growing power to demand is beneficial to society in general?

109. Increasing One's Income. — To the worker of to-day the matter of increasing his income is indeed of great importance, since living costs have mounted so rapidly in recent years. To do this, one must put himself in such a position that he can take advantage of as many as possible of the factors which we have just mentioned.

Perhaps the first essential of such readiness is education. Formerly it was very true that "the more learned" was "the more earned." Even though to-day it sometimes seems that education does not play so important a part as it did a few years ago, in many forms of work an uneducated person can not hope to advance. For education brings with it greater efficiency, and the well qualified and efficient worker is al-

most certain of higher wages than he could ever obtain if he could not do his work well.

But even education, although it makes greater efficiency possible, is not necessarily an aid financially unless the worker possesses will power, energy, and ambition to use it. Only by exercising these qualities can he hope to increase his income very much.

Income can also be increased by acquiring bargaining power. We have already seen the important part this factor plays in deciding what one's income shall be. As we have observed, one worker alone, no matter how efficient, is not always able to demand and receive a very large salary from his employer. But the labor organizations can often demand and secure steady increases. And so if any one's chief desire is to enlarge his pay, without regard to whether he earns it or not, he had better acquire this bargaining power, for it is the easiest means of increasing one's income.

Many an income is increased by making the money received work for its possessors. Bank accounts and safe stocks and bonds are both types of investments that tend to enlarge incomes with the interest paid. There is little more reason for money to be idle than for a person.

But any one who thinks he does not get the chance to increase his income by any of the ways mentioned has still the two old-fashioned ways available. He can work hard and faithfully, with good reason to expect that his services will sooner or later be recognized and rewarded. And he can make his income count for more by avoiding all unnecessary expense and by keeping careful accounts. This method at least never fails to bring some of the desired results.

Can you think of any other ways by which an income might be increased? Is it justifiable that the educated man should sometimes be paid less than the ignorant laborer? How can a teacher or minister increase his income?

110. Living Costs in City and Country. — All classes of people to-day spend more money than they did a hundred

years ago. Our wants have become more numerous. We now demand a greater variety in life and desire many conveniences never thought of before. The natural result of this condition is increased costs of living, both in the city and in the country.

But it has always been cheaper to live in the country and it still continues to be so. The farmer as a rule raises the greatest part of his own food or obtains it from a neighboring farm. And even such articles as flour, meat, and package



A CROWDED CITY STREET.

Do you think these people are better off than if they lived in the country?

goods, which the farmer himself can not always produce, often cost no more in the small country store than in our large city markets.

Besides, there is less expense for fashionable clothes in the country. The farmer's wife has her simple house dresses with perhaps a good dress which she wears on Sundays and holidays. But the city lady thinks she must have her street suit, her morning dresses, her afternoon frocks, and her evening gowns. It is a continual struggle to keep up with somebody else and the costs of such a life are enormous.

Then, too, rents in the country are always cheaper than city rents, even when there is not a scarcity of houses, and taxes are usually lower, for the expenses of rural government are not so great. All the necessities of life — food, shelter, and clothing — call for a lower expense in the country than in our large cities.

Then there is the question of luxuries. Does the farmer have more or fewer luxuries for which to spend his money than the city man? In the city are found expensive theaters, movies, public dance halls, fine hotels, taxicabs, and numerous other luxuries, which constantly tempt the city man to expense. But the farmer is spared the greater part of this cost. He has many of the modern conveniences, it is true. Outside of the South, considerably more than half of the farms have automobiles, and three fourths of them have telephones. He may go into town occasionally to attend a movie show, but his entertainment, though well appreciated when it comes, is limited to comparatively inexpensive objects.

And so it can easily be seen that the differences in cost between country life and city life are great. The larger wages or salary which a city worker receives may be more than equaled by the extra expenses required in the city.

Why is it, since living costs are lower in the country, that more people do not go there to live? Why do so many farm boys come to the city? Why are rents higher in the city than in the country? Is the higher cost of living in the city entirely necessary?

111. Why Living Costs Have Increased. — We hear every one to-day complaining about the high cost of living. In every part of the United States, and in other countries as well, the prices of practically all commodities have risen. This was true even before the War.

The gradual decrease in the supply of our natural resources is often given as a cause. We can easily see how this might be true, especially in the case of commodities which depend directly on them. Besides, natural resources of some sort

underlie all industry and so when they are wasted higher prices can not help but follow.

The inflation of our currency is commonly considered as one of the most important reasons for the familiar "H. C. L." As the amount of money in circulation increases, more of it is required in exchange for a given amount of something else. To-day there is more money in circulation than formerly and consequently we must pay higher prices for our goods than we did when money was not so plentiful.

The War had much to do with the high cost of living. Transportation was of course greatly hindered, both in our country and in other countries, so that it was hard to get goods to the consumers. This reduced the supply available at any particular point, and, as we have seen, a reduced supply usually means higher prices. Besides, the War furnished ample opportunity for men to engage in profiteering of all kinds. Prices became inexcusably high and continued to be so, merely to satisfy the greed of such unprincipled men.

The payment of higher wages is also in part responsible. The workers in a large shoe factory may become dissatisfied with their present wages and demand more pay. The employer in order to meet their demands is forced to raise the price of his shoes, if he wishes to continue his former profits. Then every one who buys his shoes must pay more for them — and it is quite possible that the manufacturer has used the wage increase as an excuse for tacking on to the price much more than enough to pay the higher wages. In order to meet this extra expense and others resulting from the same kind of thing, the house owner raises his rents and every one tries to get more money in some way. Then the worker in the shoe factory has to pay higher rents and costs for other things, becomes dissatisfied again and once more may demand an increase. And so the "vicious circle" goes on. Each group of people takes from another group and in turn is deprived of its profits. Prices become higher and higher and one wonders when the process is going to end.

Another cause for high prices is the slackening of production. This may be the result of bad planning of business. It may be caused by workers who deliberately do less than they could do without hurting themselves, either by refusing to work a reasonable length of time or by loafing on the job during working hours. There may be employers who willfully limit the amount of goods which they manufacture or produce otherwise. But whatever the cause, reducing the amount of goods increases the price, and society at large pays the bill.

The extravagance and the high living of the people to-day also do their part toward increasing living costs. Many luxuries and conveniences are desired, for which people are willing to pay any price, no matter how unreasonable. Especially is this true among ignorant workers when they receive high wages. In order to appear extremely wealthy and imitate their employer, they spend their money recklessly. Higher prices for all is the result. This extravagance, at least, can be removed, and the cost of living would surely be greatly decreased if the people would only do their part by refusing to buy unnecessary things or to pay unreasonable prices for things that they do not need.

Just now do you think any one cause for the high cost of living is more responsible than the rest? Can anything be done to stop the "vicious circle"? Are high prices always harmful? After thinking carefully over the causes of high prices (§§ 106, 107, 111), can you suggest any ways to reduce prices? Would boycotting a high-priced article be feasible? What do you think of the scheme that men should wear overalls to reduce the cost of clothing?

112. Are Luxuries Justifiable? — First of all, we need a definition of the word luxuries. Some people think of them as being anything beyond the actual necessities of life. If this is the right meaning, what shall be our answer?

In the average family of to-day there is generally some surplus after the actual necessities have been provided for. The question then is, How should it be spent? One family

may buy an "auto," another may spend its surplus on better clothes, while still another may use it for choice food. And such luxuries are not always harmful. Indeed, if it were not for them, there would be much less incentive to work.

The laborer of to-day, as we have seen, does not desire a mere living wage. He demands enough money to supply his family with at least some of the conveniences and comforts of life. Besides, the boy and girl who spend their extra money on books to improve themselves are certainly justified in doing so, although they could doubtless live without them.

But suppose a person pays \$20 for a pair of shoes, while a pair at \$10 or less would have served him just as well. Suppose the housewife buys strawberries when they are selling for \$1.20 a quart and never thinks of purchasing them when the price is low. Such luxuries can not be justified. The people who indulge in them are usually those who have more dollars than sense and can not help showing it. Unfortunately some who do this kind of thing have not the money to spend on it without depriving themselves of something else that would do them much more good.

But, you say, it is better for the money to be in circulation than for the possessor to hoard it carefully. This is indeed true. Besides, you may argue that the society lady's party gives employment to many people who otherwise would have had less to do. But whether such luxuries are justifiable or not is largely a question of morals. Could this money which was spent on certainly needless luxuries have been used to better advantage and the public as a whole have been benefited by it? And what of the example set by such wanton waste? These are questions which we all ought to consider. When money is virtually thrown away to gratify the pleasure of a minute or a desire for mere show or to satisfy vanity, the burden of proof rests very heavily upon the one who does it.

Many a time when a strike takes place the strikers themselves will admit that their grievance is not so much that they

can not live on their previous wages as that they think their employer is getting such big profits that he can afford to pay his workers more. The men do not always realize how little an advance it would mean for each worker if the \$25,000 or \$50,000 profits of the "boss" should be divided among several hundred or thousand employees. But it makes them "sore" to see him apparently having a hard time trying to acquire enough summer homes, city palaces, high-priced "autos" and the like, to use up his income. When discontent is thus created by such extravagance, much of the blame must rest upon those who spend for vain show the money which comes to them through other men's labors.

What would be the result if one had all the luxuries he desired? Can such a condition exist? Would a perfectly contented community be progressive? Make a list of ten things that for you would be luxuries. Under what circumstances would you be justified in asking your father to spend money for any of them? in buying them from your own allowance or earnings? Would any of these ten things be luxuries for Mr. Rockefeller?

113. The Family Budget. — A plan that is more talked of than practiced at the present time as a means of securing economy is that of the family budget. We have already seen the desirability of such a plan in carrying on government or some business activity. Why then should a family not be managed in the same way?

At the first of the month or some other regular period a careful estimate can be made of the necessary and desirable expenses of the family for that month, considering, of course, the size of its income. Then, if this estimate is adhered to, there can be no doubt where all the money goes. It is altogether too often the case that a family's entire income is spent recklessly with no thought of what they will live on when all the money has been used.

Some investigators who have considered the subject carefully have decided that the ideal division of the expense account of a family of ordinary means is as follows: Thirty

per cent for food, twenty per cent for housing expenses, ten per cent for running expenses, such as heat, light, laundry, and new furniture, fifteen per cent for clothes, and the remainder, or twenty-five per cent, for the higher things of life — education, recreation, church, charity, and the like.

The Savings Division of the United States Treasury Department suggests a form like this:

	I. Amounts last week, or month ending	II. Plans for next week, or month ending
INCOME OR EARNINGS per week or month . . .	\$	\$
1. SAVINGS (to be made in advance of spending):		
Payments on War Savings Stamps and Liberty Bonds		
Other savings, including insurance		
Total of these savings		
2. AMOUNT LEFT TO SPEND (income less savings)		
3. EXPENDITURES:		
Rent or house expense (taxes, interest, fire insurance, repairs)		
Food		
Clothing		
Housekeeping expenses (supplies, fuel, light, repairs, laundry, wages, etc.)		
Personal expenses —		
Church and charity		
Health, recreation, education (reading, etc.)		
Personal and miscellaneous (fares, gifts, toilet, etc.)		
Total personal expenses		
Set aside for United States income tax		
Total amount spent		

Can you fill this in for your own family for a week or month?

However, it is very true that few families could tell if they were asked how much of their income goes for each of these items. And this bad management of the home is the chief cause why many families are bankrupt to-day and always complaining about the cost of living. Only when families

use common sense, when they buy carefully and try to avoid waste, can their expenses be controlled. This problem of home management is indeed a vital one, which we should all consider seriously.

Here is another estimate on a somewhat different basis:

	INCOME \$1,800 a year—\$150 a month				INCOME \$2,400 a year—\$200 a month			
	Number in the family				Number in the family			
	Two	Three	Four	Five	Two	Three	Four	Five*
War Savings Stamps and other savings	\$ 27	\$ 21	\$ 15	\$ 10	\$ 48	\$ 40	\$ 31	\$ 21
Taxes (Federal income)					2	1		
Rent	20	20	22	22	25	25	27	27
Food	37	44	51	58	40	48	56	64
Clothing	20	20	21	22	22	25	28	30
Housekeeping expenses	11	12	12	12	18	20	20	20
Church, charities	10	9	8	7	15	12	11	11
Health, recreation, education	12	12	10	10	14	14	13	13
Personal, miscellaneous	13	12	11	9	16	15	14	14
Total for month	\$150	\$150	\$150	\$150	\$200	\$200	\$200	\$200

(From Savings Division, Department of Treasury.)

The estimate for rent given in this table would be entirely too small in many places. Making the necessary allowance for this item, does the estimate seem reasonable or possible? What changes, if any, would you make in it? Does your family do better?

How many families that you know of keep a budget? Are there any families who could not follow this plan? How might it help keep down the cost of living? Should children, especially those of high school and college age, be told of the financial condition of their family? How should children obtain their spending money? How can they be encouraged to save?

114. Forms of Savings. — Almost every one knows that he ought to save in some form for the so-called rainy day. Let us then consider some of the most common ways by which people may save. First, we should understand that mere hoarding is not saving in the best sense. The miser's gold, which he has carefully stored away, will perhaps benefit him in his old age, but all through the years it will have lain use-

less, doing no service to any one. Such hoarding does no good to the community and is the least helpful to the individual of any form of savings.

Perhaps the most common way to save money is to put it in a savings bank, where one can open an account at almost any time. Then there is the building and loan associations which are very common in some sections of the country. By paying a specified amount at regular intervals one may become a member and enjoy all the benefits that result.

Life insurance, while by no means a specially profitable investment, is certainly a wise one, and may sometime prove to be of great benefit. It is sold in many forms. Some kinds are intended simply to be a protection to one's family, and the rate charged for these is considerably less than that on endowment policies, which pay interest as well as give protection.

Real estate and safe stocks and bonds, too, are often desirable means of investing one's savings. Especially is this true in regard to the savings of families whose incomes are above the smallest.

In all the most satisfactory forms of savings, the money saved is *put to work* again. In so doing the owner of the money helps some one else who needs it enough so that he is willing to pay for its use, and at the same time earns something with it for himself.

In order to make these savings possible, people must avoid all unreasonable expense. For very many people the habit of saving a definite amount each month would be exceedingly helpful. It would be one of the surest ways of keeping out of foolish extravagance.

Why do some people like to hoard their money? How does saving benefit a community? Can you think of some other forms of savings than those mentioned? Is there any advantage in a person's taking out insurance while he is young?

If possible, get an insurance agent to tell you about the different kinds of insurance, how the companies are operated, how the

amount of premium is estimated, how the funds of the companies are invested, and the like. Is insurance against accident, hail storms, and the like, in any way like betting?

115. Bad Investments. — We have already seen the desirability of saving. To do this it has been found that the best way is through investments of some sort. But some investments are afterwards found to be bad. Perhaps if we observe some of the most common types of bad investments which exist to-day, we may be prevented from making some of the mistakes which so many before us have made. Be sure we distinguish investment from speculation. Investment is using money in such a way that it will actually *earn* something by reason of its use. Speculation involves the use of money where the element of risk is very great and where the likelihood of successful returns is largely a matter of chance.

Innumerable schemes are used to get money from ignorant and unsuspecting persons. Sometimes these are in the form of cheap stock in some mining company which sells anywhere from two cents to ten dollars a share. Enormous dividends are promised and thousands of people fall for these schemes to make money, which are really deliberate deceptions. That well which needs only your money to bring the oil flowing to the surface and which will bring you a huge fortune in a day, is probably only a clever story designed to take from you what little money is already in your possession.

Speculation should be avoided by the person who can not afford to risk the loss of his money. The most serious feature of the matter is that in one case in a thousand the speculator may succeed. Then the fate of the other 999 is at once forgotten. Wildcat schemes of all kinds, which may make a millionaire or a pauper of a man in a few short hours, can always be found. If a man discovers gas in his land, naturally every one's land near his assumes a new importance. Gas may be there also, and so drilling begins. But all the wells

will not be productive and some people will find themselves ruined financially, if they risk very much.

“Columbus took a chance,” we sometimes hear it said. Very well, so he did, but he had little to lose and it was other people’s money that he took a chance with. True, we must always have pioneers to take the lead in new ventures ; but let us be sure that we go into a new enterprise

WEALTH IN TEXAS OIL!

Would You Risk \$10 In An Oil Opportunity That Promises Bigger Returns for the Investment Than Anything Else You Can Buy?

**We Have Bought the Lesson With
Our Own Hard Cash**

The group of us who comprise the editors and directors and have formed the Empire Trust (a company has bought five leases in four well defined granite pools in Texas. We are not promoters nor speculators, but each is a well known business man, practically a lifelong resident of his home town and the kind of citizen you can always look up and find in O. W. at the bank.

We Are Now Ready to Drill for the Oil and Its Wealth

To raise sufficient money to develop these five gunbelt basins we have set aside a limited amount of our capital stock which we now offer at a maximum of 100 shares for \$2000. The money realized from the sale of these shares is to be used for the purpose of developing the basins and the cost of the land.

**The Shares You Buy Are An Equal
Interest With Ours**

[illegible]

**We Have No Bonds, No Mortgages,
No Preferred Stock. All Shares Equal.**

Come In With Us On This Square Deal

The biggest return ever made on money invested in oil has come to those who got in early in the Texas field. Here is an opportunity to share in the square deal development of five mighty, valuable Texas oil leases that are located right in the heart of the gusher zone. These are properties that have been secured & acknowledged by producing authorities who personally picked out the locations.

Now Ready for the Big Drilling

Remember This—Sugar Leads

We have five rusher leases in your defined pool. WAGONER

You get into a reality at once no speculation no promotion a genuine enjoyment in our own land is found in the famous oil men.

WHERE WE OWN LEASES!

**The Empire Texas Oil Co. Owns
760 Acres of Undeveloped
Leases in the Best Oil Pro-
ducing Territory in Texas**

Five Leases in Four Defined Gusher Pools

The various oil pools of Texas were visited by the President of this company at the time of organization. He made a personal inspection. He went to Texas finding that many of the oil owners about the north acquiring of big fee (there were tremendously exorbitant)

[illegible]

Waggoner Pool

BE CAREFUL!!!

The men who are responsible for this particular advertisement may be honest. If they are, they will not object to any investigation you may care to make. But many a man has lost all his savings by going recklessly into this kind of thing. What particular risks are connected with an enterprise like this?

for some other reason than that other people are doing it or that somebody *may* get something out of it.

Speculation in land is also quite common. Through dishonest persons a man may be led to buy what he supposes is a promising estate in Florida. What is his surprise to find mere swamp land, which would require great expense for drainage before it could ever be used! To avoid such mistakes it is desirable to know thoroughly the men who are

carrying on a business and not to trust every one who presents a proposition to you. Better see the place yourself before you put much into it.

Speculation is often carried on by an agency commonly known as a "bucket shop." Such a place deals entirely in purely speculative stock, which is of no real value. Much of what it does is pure gambling. It takes orders for stock from men who have no intention of actually acquiring it, and then pretends to buy or sell it as prices go up or down on the real market. By dealing with foolish or ignorant people, who have saved a little money, they make great profits, while the investor may not even get his money back. The chances are strong that the outsider will guess wrong about the way the stock is going to move.

Any investment which is extravagantly advertised should be carefully investigated, before you go into it. When you see an entire page in the evening paper "boosting" the stock of some company and telling of the great opportunities which it offers, you may be sure that the investment is a risky one. No really sound and profitable stock needs to be glaringly advertised in order to receive notice. One should also be suspicious of mail advertisements which he gets from a source of which he knows nothing. Generally they are merely schemes to get the unsuspecting man's money.

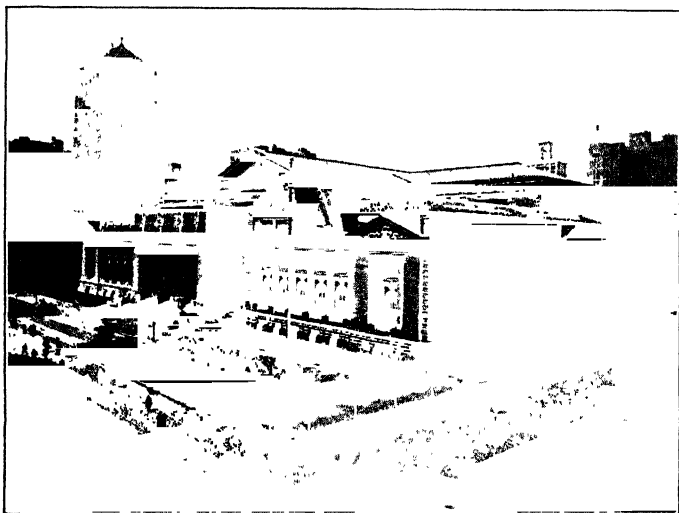
Can you think of any other investments which are decidedly bad? Why is it that so many people make bad investments? Can laws remedy this folly?

116. Good Investments. — But all investments are not bad. Let us now consider some forms of investments in which the ordinary individual may safely be interested. In doing this, we shall omit all those which are distinctly of a social character. No one can doubt that churches, schools, libraries, and hospitals are indeed good investments, but their benefits are for society as a whole and they are seldom conducted for the profit of an individual.

But just what do we mean by a good investment? A good

investment is some form of business activity or property which seems sure to keep the principal safe and to return fair interest or profits to the one who has put his capital into it. Several examples of this we have already mentioned (§ 114), but we may add a few words here about some of them.

The first thing which we naturally think of as a good investment, then, is the savings bank. These institutions will



NEW YORK PUBLIC LIBRARY.

This building and the land on which it stands cost millions of dollars.
Do you think it is a good investment?

accept amounts of almost any size and as a rule pay about four per cent interest on the deposits made. As comparatively few of them have been known to fail, no other form of savings can be found any easier for the small investor.

The man of small or medium income may also find building loans to be good, sound investments. A building and loan association sells stock which at a certain future date will be worth a fixed sum. By paying a specified amount at regular

intervals, a member may gradually acquire one or more shares which will be paid off at the time agreed upon. Meanwhile the association will lend him money if he wishes to buy or build a house, making itself safe by taking a mortgage on the property. This method has helped many a family to own a house who perhaps never would have saved up enough to buy it outright.

For a person of larger income, real estate is usually a profitable investment. Savings which have been spent for well-situated land or lent on first mortgages on homes are usually very safe and likely to bring in good returns in the form of rent or interest.

Often stocks and bonds make very good investments for a person's savings. Especially is this true of the stock of some well-established and reliable business. As a rule a good rate of interest or substantial dividends are paid, especially when the business is carried on wisely.

Government bonds and War Savings Stamps may also be considered here. While these are by no means extremely profitable, they are by far the safest investments any person can make. Uncle Sam has never yet failed to pay his just debts and we can be sure he never will. States, cities, counties, school districts, and other local governments also issue bonds which may usually be considered thoroughly safe. They commonly do not pay a high rate of interest, but all of them care sufficiently for their reputation so they will try to make good on their obligations.

What is your idea of a good investment? Can you think of some others besides those mentioned? How can we tell a good investment from a bad one? Why is it that good investments often do not seem as desirable as bad ones?

117. Builders of Fortunes. — Remarkably interesting are the stories of the way the great fortunes of famous American financiers were built up. Almost invariably they are records of small beginnings, which by industry, sound judgment,

and economy, sometimes aided by good luck, developed into something great. Let us notice a few of these.

Perhaps the earliest man in America famous for his wealth was Stephen Girard. He was born in France and some of his youth was spent as a cabin boy on a trading vessel. Finally he was able to go into the business on his own account, and out of his foreign ventures laid by a fortune which for his day seemed enormous. Girard College in Philadelphia



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WEALTH IN OLD CLOTHES.

This man makes a living out of what other people have thrown away. Some of these hats will be sold again as new. Others will be used for making rugs and for numerous other purposes.

was established at his direction. Yet in honesty one would have to admit that few would care to have the reputation for stinginess and disagreeableness which he possessed during his lifetime.

Another famous American fortune was that of the Astor family. The founder of it, John Jacob Astor, was the son of a German peasant. At the age of twenty years he came to America. On the advice of an acquaintance, who told

him there was good money in the fur trade, he put his small savings into it. The enterprise met many obstacles, but Astor ultimately succeeded. The field of his activities broadened greatly, and ships carrying his name went to all parts of the earth.

Cornelius Vanderbilt, whose name half a century ago stood for almost the limit of wealth, started in business for himself with a small boat which he used in ferrying passengers from Staten Island to New York City. From this enterprise it was a natural advance into the merchant shipping business on a large scale. Finally he turned his attention to the railroads. He built up the New York Central system and became one of the first great "railroad kings." He and others of his family have given much to various colleges.

The multi-millionaire whose name is probably known to more people than that of any other man in the world was Andrew Carnegie. He was born in Scotland, but at an early age came to America and lived in the city of Pittsburgh. For a time he worked as a bobbin-boy in a cotton factory, and later became a telegraph operator. Something about him attracted the attention of Thomas A. Scott of the Pennsylvania Railroad, and from that time on his advancement and success were amazing. He obtained money to invest in a sleeping-car company, in oil-wells, and in iron and steel mills. From iron and steel he piled up a fortune estimated at over \$250,000,000 and then retired to spend it. Great museums, a "Hero Fund," numerous gifts to aid the cause of international peace and other worthy objects, and most of all, hundreds of libraries, great and small, in almost all parts of the world, are memorials of how one great fortune was distributed.

Bigger even than the enormous wealth of Carnegie was that accumulated by John D. Rockefeller. His first "job" was that of clerk at the salary of \$1.50 a week. But he believed in saving something and putting it to work for him, and practiced that theory right from the start. Petroleum

was the foundation of his fortune and the Standard Oil Company was the agent through which his income was increased to figures that were hard to believe. Undoubtedly some of the methods by which this fortune was gained were indefensible from the standard which we like to uphold for business to-day. Yet in fairness to Mr. Rockefeller we should not consider him as the only or even the chief sinner in a day when the Golden Rule in business was not common.

Rockefeller, like Carnegie, has given away many millions. Colleges, churches, hospitals, and many other charitable enterprises have been benefited thereby. In fact Mr. Rockefeller has employed a force of assistants to do nothing else than give away his money.

Have you ever received any benefit from the benefactions of these rich men? Is the country better off because these great fortunes and others like them were piled up? Would American industry have developed to its present greatness if no big fortunes had been accumulated? Would the money which has been given from these fortunes have been equally well spent if it had been paid out in higher salaries to the employees under the direction of these financiers?

118. The Rich Man's Responsibility. — Whether it is right or wrong, it seems to be the case that in most communities there are three more or less marked elements among the people. It has almost always been so, and when we consider carefully the qualities of human nature, it seems likely that they will always exist.

First, there are the poor — the great mass of the common people, whom Abraham Lincoln said God must have loved because He made so many of them. They live just from day to day. They can not save much, for their income is nearly all used up in keeping alive. Their families average larger than those who are better off financially. Many a doctor serves such people without expecting ever to get a cent in payment. Their education must be furnished at the expense of the well-to-do or else they will grow up in ignorance and

probably in vice and disease. Their homes are plain, though that does not need to mean ill-kept. Their food must be simple, though that need not mean unhealthful.

Next come the families of the middle class, which is often called the backbone of the nation. Their homes, though not elaborate, are attractive and well furnished. Their food is good and substantial and includes at least some delicacies. There is a certain variety to their clothing and it is of good material. Their forms of recreation, too, are more extensive, and nearly all families in this class have bank accounts which, though not large, grow little by little.

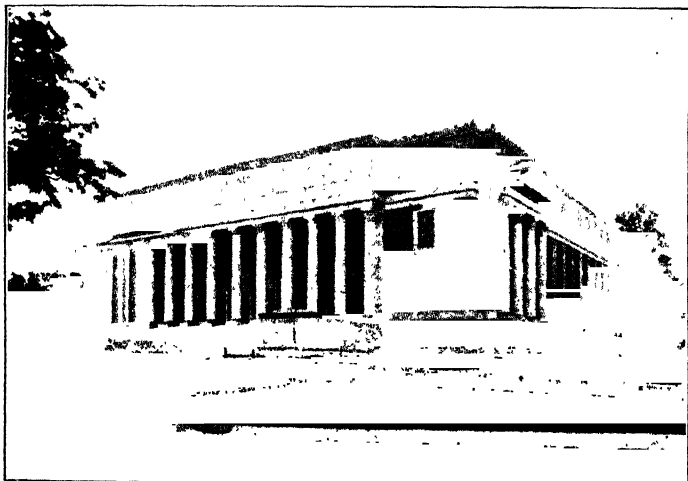
Then come the rich with their high standards of living. Beautiful mansions, costly food, and expensive clothing as a rule characterize this class. Their recreation may come in many and expensive forms, though some of our richest men are famous for their simple tastes. Their savings are usually invested in great corporations that pay enormous profits.

Now, does the man or woman of means owe any responsibility to those who are less fortunate? One reads in the newspapers occasional stories of hundreds of thousands of dollars spent for elaborate decoration of one millionaire's residence. We are told that money by the thousands is spent in one year by society women on their pet poodles. A starving man reads such things in a newspaper left on a park bench and he becomes an anarchist or advocates the overthrow of our whole social system. Why, he asks, should a man live always in luxury and never know the meaning of struggle and want, even by taking the trouble to see them, merely because his father made money selling meat or clothing to other people? What is our answer to be?

We have noticed that some of our richest men have not been content to play the part of the priest and the Levite in the parable of the Good Samaritan, but have tried to do some good with their money, and there have been others less widely known who have acted in the same way. It has been estimated that over half the wealth of the United States is in

the hands of two per cent of the people. What will they do with it?

Some of this wealth has come to them with even less effort than it took others to earn just enough to keep alive. When wealth comes thus without much struggle, surely it must be intended that those who are given it are to be stewards of it for the good of all. They must inevitably be in some sense leaders of the people, for business cannot go on without the



THE WIDENER LIBRARY AT HARVARD.

The gift of a wealthy woman to a great university.

wealth which they possess. The opportunity is theirs to use it so that all will be benefited. If, on the other hand, they employ it simply to add more and more to their own fortunes, they will ultimately bring down upon themselves the vengeance of those whom they have robbed and plundered, and the world of industry, instead of gradually growing better and better, will be thrown into chaos and have to be built all over again.

Wealth, to do the most good, must be distributed among

many instead of being kept by a few. Perhaps some great things would never have been accomplished if some people had not possessed the means to attempt them. There may be, then, two justifications for large fortunes: that great enterprises may be undertaken which could not otherwise be attempted and which, if successful, would serve all the people; and that institutions may be established which all may enjoy and public services be performed which will help the whole community.

Perhaps it would be correct to say that the wealth which Rockefeller and Carnegie have handled is after all the people's money, and that in making use of it as they have, they have simply turned the people's money into things of which the people can get the benefit. On no other ground, morally at least, can the accumulation of great fortunes be justified. The credit which these men deserve is not for generosity but for recognizing in some measure their obligations to the less fortunate part of society. They found out some of the needs of their fellow-men and tried to relieve them.

How might the ordinary rich man justify his riches? Are poor men ever guilty of the same quality of conduct which we connect with the selfish millionaire? Would most people be rich if they could? Are there any disadvantages or troubles experienced by reason of possessing great wealth? What would you do with a million dollars? To what extent do you have any responsibility toward any one else by reason of your income or opportunities?

A STUDY IN THRIFT

Either at this point in the study or as a series of special exercises it may be worth while to give special attention to a discussion of personal economy, savings, and thrift. This can be made very direct and practical, though of course the teacher should be careful to use tact and avoid offending any one unnecessarily in any personal application of principles that might be made. The following brief outline can be developed by teacher and class as fully as time will permit.

Economy of time

Planning for study in school

Arranging time for home study, work, and play

- Concentration upon work
- Play, recreation, and improvement
- Right use of vacations
- Wise use of materials
- Home
 - Clothing — buying, care, mending
 - Food — marketing, cooking, avoidance of waste
 - Implements and utensils — need, care
 - Buildings and grounds — appearance, repair, improvement
- School
 - Books and supplies — preservation, proper use
 - Buildings and furniture — avoidance of damage, repair, responsibility for use
 - Grounds and surroundings — attractiveness, care, improvement
- Elsewhere
 - Care of property of churches, clubs, societies
 - Use of public property — library books, parks, playground material, etc.
- Earning and saving
 - Extravagances to avoid
 - At home
 - Material often wasted which has a money value
 - Expenses of public money
 - Unnecessary amusements and luxuries
 - How pupils can earn money
 - Extent to which this is desirable
 - Ways available
 - What to do with earnings
 - Personal needs
 - Public causes to be helped
 - Investments
 - Thrift stamps
 - School savings funds, etc.
 - Planning your budget

QUESTIONS

Give a list of the elements that enter into the cost of things. Which of these seem to be increasing?

Define *price*, *market price*, and *normal price*. What is meant by *supply*? What is *demand*? Show how each of these affects price and is affected by price.

What conditions help to determine one's income? Illustrate

each. Which are more, or less, important than formerly? What qualities or conditions are most useful in increasing one's income?

Compare the cost of living in city and in country. What makes the difference? Mention the chief causes for general increases in costs of living everywhere. What is meant by inflation of currency? Explain the "vicious circle." What do you understand by "luxuries"? Is it right to spend money for them? Who would have the right to do so, and when? Explain the *family budget* idea.

Distinguish between saving and hoarding. Mention the most common forms of savings. How many of these are available to everybody? What is the special value of life insurance? What is speculation? Give a list of investments which one should be very cautious about, or should avoid entirely. What is a "bucket shop"? Mention the forms of investment which are usually safe. What points should you look for in trying to distinguish a good investment from a bad one?

Mention some notable founders of great American fortunes. How did they get their start? What did they do with their money? What impression does the selfish rich man make upon other people? In what ways do great fortunes benefit society? What obligations does a rich man owe to his fellow-men?

SPECIAL TOPICS

The Price of Potatoes in Our Community.

Sugar — What Makes Its Price?

A Farmer's Account Book.

An Ideal Family Budget.

Henry Ford and His Fortune.

The Career of Famous Financiers.

The Troubles and Worries of the Rich.

Resolved, that no grown person in the United States, who is in good health, needs to be poor.

How to Bring Prices Down.

Insurance — Its Forms and Value.

Life Insurance — Who Should Carry It, and How Much?

CHAPTER XIII

MAKING INDUSTRY BETTER

*When Crew and Captain understand each other to the core,
It takes a gale and more than a gale to put their ship ashore;
For one will do what the other commands, although they are chilled
to the bone,
And both together can live through weather that neither can face
alone.*

— Kipling.

119. Improving Conditions of Work. — Making living conditions better is often an individual or a family matter. To get improvement in industrial conditions we shall have to go beyond the field of the home. Let us review a few of the facts we have previously noticed about conditions in industry, and efforts that have been made to improve them. (§§ 71-77.)

Why do we have factories and workshops? To work in, of course. They are places where machines are housed and where people have to go to operate these machines. But who is the safest and best worker — the one who is thought of simply as if he were part of the machinery, or the one who is treated as a human being with real personal needs? One would not expect machinery to run well without being cleaned and oiled and otherwise properly cared for. Surely the "human factor" deserves at least the same kind of care. The best employers all recognize this fact now.

No one can do his best work if he is not feeling well. A good factory will therefore be properly ventilated and lighted. It will be kept as clean as possible. It will have rest rooms and lavatories. If the workers can do just as

good work sitting down as standing, seats will be supplied for use when it is not necessary for the employees to be on their feet.

What a change this means as compared with the time when in England a tax was collected on the windows which a factory had! It is fairly easy to convince people that women workers need special consideration in order to look out for their health, but the principle is just as true with men.

Then we must have safeguards from physical harm. Belts must not be unprotected so that a worker's hair, arms, or clothes will be caught and the worker drawn into the machinery to painful injury or death. Saws and other dangerous parts of the machine should be properly guarded. Terrible agony and loss of life have in some cases occurred from fire, when hundreds of workers tried to make their way out of danger by means of one or two narrow staircases. We must have plenty of fire escapes, plainly marked, so that if danger comes, nobody needs to delay in getting out. Many factories, too, have automatic sprinkling systems which reduce greatly the menace from this cause.

Some employers will do none of these things unless they are obliged to. They will take the chance that nothing will happen rather than pay for furnishing suitable protection and healthful conditions of work. To force such employers to do right and to help others who may be well meaning but ignorant, most of our states now have factory laws making definite provisions as to the conditions that must prevail. They must also have a force of factory inspectors to see that these laws are carried out. Laws are of little use unless they are enforced, and it is very important that the right kind of men shall be appointed to such positions.

Not all factories have reached perfection. Some of them are far from it. But some are more pleasant places to be in than the homes of some of their workers, and around many of them the grounds and surroundings look as attractive as those of a fine private residence.

Some fault finder may say, "The employers deserve no credit for this. They are really selfish in doing so. They get more work and better work out of their employees. The workers stay longer on the job and the employer does not have to waste time and money training new men so often."

We must admit that these results usually follow when the employer tries to maintain good working conditions. But



WORKING OLEOMARGARINE.

This is an example of sanitary factory conditions.

it is not fair to think of employers as always being selfish or as doing this kind of thing just because the law requires it. Many of them are sincerely interested in improving working conditions in their factories and in making them places fit for men as well as for machines. Surely it is far better for the workman to feel that his employer wants the work to be as pleasant as possible than that the employer

is trying simply to get as much out of him as he can. Surely the worker will feel much more like doing his best for an employer who takes an interest in him. Thus the prosperity of both will be furthered. Coöperation, again, not distrust, is what counts.

Are there any industries in which cleanliness and attractive surroundings are impossible? Mention some factories that are specially notable for the good conditions which they maintain.

120. Shorter Hours and More Money. — Read about the work done in factories before the middle of the nineteenth century, and you will see that the working day extended from sunrise to sunset. The idea seemed to be that the longer one worked the better it was for everybody. And the wages! One dollar a day was good pay. Grocery stores were open six days a week until bedtime — nine o'clock, and a boy starting to work in one of them might not expect more than a dollar and a half a week.

But after a time a change set in. Men began to talk about a ten-hour day as the proper length for work. No sooner had this become general than nine hours and finally eight were set as the ideal workday. Eight hours to work, eight hours to sleep, eight hours to do as you please, was said to be the perfect division.

It was urged very truthfully that a person who worked so long as to become exhausted could not do good work, and it was noticed that many accidents occurred in the latter part of the afternoon when the workers were tired. There is little doubt that one who works faithfully eight hours a day can do about as much, in most occupations, as one who is obliged to work ten hours every day, for the shorter time does not exhaust him so much as the longer, even though he works faster.

Now in many industries the Saturday half-holiday is insisted upon, thus reducing the week's work to forty-four hours. This gives the worker one week-day afternoon for a playtime and this undoubtedly helps to make him more

contented. What a contrast with the sixty-hour week common half a century ago, especially when you observe that some are talking about a forty-hour week or even less!

Surely there is a limit somewhere. The point where by reducing a worker's time his output is also reduced would probably not be the same with every worker. But it is probably safe to say that we can not do in much less than eight hours as much as can be accomplished in that time or a longer period.

It has been good to give the workman time for the enjoyment and improvement which he could not possibly have if he gave all his daylight hours to labor. We need to remember, however, that too short hours are as bad as too long. They will encourage in many people habits of laziness, and will offer opportunity for indulgence in bad practices and wasteful amusements. Merely trying to see how little work we can get along with does not make the individual or the world any better off.

Workers are not willing to accept reduced pay when the regular hours of labor are reduced. They argue that if they do as much in eight hours as they once did in ten they should be paid as much — and of course that is reasonable. But that is only the starting-point. The last few decades have seen extraordinary increases in the pay of workers. Carpenters, painters, and other skilled workmen now frequently get as much for an hour as such workers once received for a whole day.

This usually means, as we have seen, not that the employer reduces his own profits in order to pay his workers more, but that he charges the public more for the things that are produced, so that they pay the high wages in the form of high prices. To have contented workers is good for both industry and society. To pay wages which simply encourage wastefulness and bad habits is good for nobody. Our workers are far better off than they were once, even though it costs so much more to live than it did formerly. The

problem for us is to find just what a worker deserves to have in return for what he does for society. Probably if we should err a little on the side of generosity now, we should only be making up in part for the injustices of the past. But the ideal arrangement is, "To every man what his work deserves."

Can you do as much work in a forty-minute recitation period as in a fifty-minute period? Are shorter hours more justifiable in some industries than in others?

121. Insuring the Workers. — We have talked about the conservation of natural resources and very properly have emphasized the importance of this problem. We have also asked whether it is not at least as important to conserve the human resources of a nation. Perhaps repeating this question will help to emphasize how little we really have done.

Any measure which aims to promote the well-being of the people and to save them from unnecessary inconvenience and suffering by reason of illness, accident, loss of employment, and the like, is a form of *social insurance*. Perhaps because the proportion of workers in European countries who have earned just barely enough to make a living is greater than in our own country, such nations as Great Britain and Germany have done much more in this respect than we have. Surely we do not want the reputation of being more careless of the lives of our people than other nations are. What are we doing or can we do to make conditions better?

There is hardly an occupation that does not have some condition or feature which tends to undermine the health — some occupations much more than others, of course. To prevent workers from getting into occupations for which they are clearly disqualified, some establishments require a physical examination or a physician's certificate before the work is undertaken and perhaps at regular intervals afterward.

The accident problem is also never ending. The "safety

first " campaigns which we have mentioned have done much good, but even the careful workman sometimes gets hurt. To prevent the want which often comes upon the worker and his family in cases like this, many of the states have Workmen's Compensation laws. Under their provisions the employer must assume the responsibility for insuring his employees so that in case they are injured while they are at work a certain amount a week will be paid to them, and also a sum to their families if death results. A force of state inspectors or referees is necessary to hear complaints in case abuses under this act are charged.

The money for this purpose is provided by the employer and the state jointly in some cases; but often an employer who wishes to do so may insure his workers in a private insurance company. This compulsory insurance of workers, like almost every other public improvement, is really paid for by the public in the form of higher prices for the products of the industry. But they may as well pay it that way as to have to pay taxes to provide charity for an injured worker or his family. Besides, it is much pleasanter and more satisfactory for those who have to suffer.

In Section 77 we discussed some of the remedies that have been suggested for the evil of unemployment. For the period immediately following the Great War the chief difficulty along this line was in securing work for the returned soldiers. Especially was the attempt made to arrange for the "rehabilitation" of those who were sick or wounded while in service. Though the administration of this undertaking was sometimes harshly criticized, much good was undoubtedly done. The success of government employment bureaus, national, state, and local, seems to indicate that they can be of very great service in letting people know where workers are needed and thus helping to prevent men from being out of a job if they are willing to go where one is waiting. If a period of serious "hard times" should occur,

very likely much more service of this character would be expected from the government.

On the principle that "a stitch in time saves nine," more and more emphasis will probably be given to training directly for some profession or trade during one's years in school. If this is done, so it is argued, a person will be able to do at least one thing well. Besides, if he is given a little manual training along with the mental, he may be able to turn it to good account sometime when an emergency comes.

A form of social insurance which we have not yet adopted in this country to any great extent, is old-age pensions. Modern business has a tendency to force men to withdraw from active work at a time when they may still have a number of years to live. If a worker has not saved up very much when he has to retire, he may have to suffer want or else knowingly put himself on the charity of his relatives.

To remedy this condition England and some other countries have provided for giving old people, in case they are able to earn little or nothing, a pension just about large enough to keep them alive. The most common instances of this kind of thing which we have here are the pension funds maintained by some cities and states for firemen, policemen, and teachers. Since such people are public servants and usually do not get large salaries, though they render valuable service, it is urged that a pension fund for them is not charity but simply a part of the compensation to which they are justly entitled. Even at that, a part of their regular salaries is usually saved out to put into these funds.

Social insurance is in the long run a money-saving proposition for the employer and the public, and a life-saving proposition for the worker. The employer has fewer lawsuits to trouble him, and he gets better work from more healthy and contented workers. The public's welfare is also promoted when workers do their best and when any feeling of injustice among them is reduced to its lowest point. The workers

are relieved from part of the worries which they can not fail to experience when misfortune or old age arrives. Social insurance is not only humanity but good policy all around. It is one more form of coöperation. We need to be on our guard against it only to see that it is not abused so as to make workers lazy, careless, or spendthrifts.

Do you believe in mother's pension laws? Do firemen, policemen, and teachers deserve pensions more than other workers? What effect, if any, would it have upon you if you knew you were in a position where you might take advantage of some of these forms of social insurance?

122. Providing Recreation and Improvement. — Perhaps we might excuse an employer for thinking that when he had seen to it that his workshops were clean and light and fit for human beings to work in, it was none of his concern what his employees did after the day's work was over. It is nevertheless true that the spirit and health of a worker depend greatly on how he lives when he is away from the factory. The most enlightened employers therefore feel an interest in this side of the life of their helpers.

Again, one may say that this is selfishness on the employer's part. But such a charge would in many cases be very unjust. Any one who knew personally Mr. H. J. Heinz, the founder of the world-famous business which advertises its "57" varieties, could not doubt his sincerity when he said, in reply to a question as to whether his firm would be repaid for its expenses along this line: "I have never given that side of the matter any thought. We are fully repaid when we see our employees enjoying themselves and spending their noons and evenings in a manner profitable to themselves."

Such efforts to better the condition of employees when they are not at work are often called *welfare work*. It takes various forms. Libraries, gymnasiums, meeting-places for clubs, evening schools, baseball grounds, and the like, are often maintained in connection with a factory. Sometimes a small fee is charged for the use of these things, to relieve the

worker from feeling that he is simply an object of charity. Sometimes, too, a corporation will support a branch of the Y. M. C. A., the Knights of Columbus, or some similar organization and conduct its welfare work through them.

One of the first notable corporations to undertake welfare work on a large scale was the National Cash Register Company of Dayton, Ohio. The English soap-making firm of Lever Brothers is very famous in their country for the same kind of activities. It is almost unfair to mention these particular examples, for most of the great railroad companies and private corporations which employ large numbers of workers see to it that similar advantages are offered to their workers.

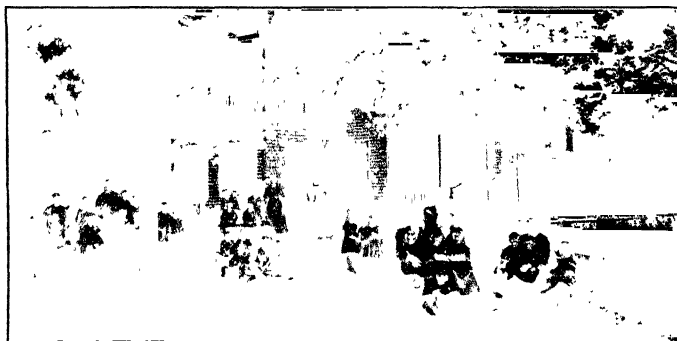
One phase of such activities which has been harshly criticized by some is the "company store." It is possible for a corporation to buy goods in large quantities and sell them to their employees at cost. Several corporations did this during 1919 and 1920, and rendered their workers a decidedly good turn, much to the disgust of the local retail dealers.

Sometimes, however, in a small mining town or a similar place a corporation has been known to compel a worker to buy from the company store if he wished to keep his job. His purchases would be charged and the amount he owed taken out of his monthly pay. If the company's prices were not any lower than those of other dealers, the worker would not be benefited at all and might be almost made a serf to the company. The worker usually prefers to buy where he pleases.

Most of the opposition to welfare work comes from labor organizations. Many of these argue that it ought to be done through the labor union if it is done at all, and that it would be far better to pay higher wages and let the employee look out for his own recreation and improvement. They sometimes say that the employer cares more for the good-will of the public which he gets by reason of his welfare work than he does for the interest of his employees.

Much good, however, has been accomplished in many cases. Welfare work helps to humanize industry and bring about friendlier feelings between employer and employee. It encourages to some extent that desirable spirit of coöperation. Undoubtedly, too, some workers would not know how to spend wisely the money which this welfare work costs if it were given to them in cash.

Find out what you can about any firms which are notable for their welfare work. Should an employee think of this simply as charity?



Courtesy of Riverside and Dan River Cotton Mills.

A HELPFUL KIND OF WELFARE WORK.

The mothers of these children work in the mills. They bring the children with them in the morning. The young folks are carefully looked after during the day, and given a lunch at a cost to the parent of only a few cents. Yet, after all, is it not too bad that the mothers must work and can not attend to their own children?

123. Houses for Workers.—Another interest which we might have mentioned under the head of welfare work is the providing of homes for workers. It is such a big problem that it is worth considering by itself. It is a problem both of maintaining good houses and destroying bad houses.

The East Side of New York City is notorious for the way human beings are crowded into tenements with no playgrounds for the children except the street and with whole

families living in one room and sometimes taking boarders. But New York is not the only city where such conditions exist. Every large city in the country has some places which are eyesores and danger spots to the health of the people. One is not inclined to believe that in his own city he can find boarding-houses where the same beds are used in day and night shifts, but the chances are that it is true.

The crime, immorality, and other evil habits which such slum districts inflict upon the city are exceedingly serious matters, but since these are social questions rather than economic we will not deal with them particularly here. Of a social character are also the laws regarding the construction and cleanliness of tenement houses. But there is an economic side to the matter, too. Bad housing means bad health, and a poorly housed worker is almost always inefficient.

The years following the Great War have been years when this problem became a vital one to people of the so-called middle class or even those with means. The cost of building materials in many instances more than doubled, and made building out of the question for the man with a small income. Greedy landlords, knowing that people must have some place to get under cover and that there were no more places to go to than usual, piled on enormous rents. Many people who could by strict economy meet the increased rent would pay it rather than move, but the man who simply could not pay the unreasonable rent was decidedly embarrassed.

To help their workers have homes of their own, some corporations have built entire towns, in which they rent the houses or sell them to their employees at reasonable prices. One of the early experiments along this line was the town of Pullman, Illinois, built by the Pullman Car Company. This was not wholly successful, because, as it was said, the workers did not enjoy eating, sleeping, and going to church for the same company for which they worked.

But many such undertakings seem to have succeeded better. The pretty town of Vandergrift, Pennsylvania, was built in

a somewhat similar way. The Goodyear Rubber Company and other large corporations have bought up big tracts of land, and after reserving parts of them for parks and playgrounds, divided the rest into building lots and put up attractive houses. The town of Port Sunlight in England, built by the Lever Brothers, is one of the most famous examples of this kind of enterprise.

A worker can not fail to be more contented and willing to settle down in one place if there is a little spot which he can call his own home. To help him to get this by means that will not be a burden is both good business and humanity. If individuals can not get these through their own efforts, and the corporations which employ them can not or will not help them, the city government may find it necessary to build and rent houses. This has been done in England and other countries in Europe and has been talked about in this country. Private corporations to build and rent small houses at nearly cost price have also been proposed.

Did you or your family ever have trouble getting a place to live? Why? How would you like to live in a town which was owned by the company for which your father worked? What are the advantages and disadvantages of tenements and apartment houses?

124. Sharing Profits with the Workers. — Too often the worker feels that all he gets is what he is strong enough to force his employer to give him and that an employer who can do as he pleases will be as stingy as possible. The employer and his men are at daggers' points much of the time. The men hate to feel that they are in any way dependent upon any one. They wish recognition of the fact that they are in the business as individuals and are as necessary to the success of the business as the employer himself.

To give the workers a feeling of interest in and responsibility for their work the practice known as *profit-sharing* has often been proposed. This may appear in several forms, but the underlying idea in all of them is to set apart a definite portion of the profits which will be divided among the men in addition

to their wages. The division may be in proportion to the regular wages of each employee or may be in the form of a bonus of the same amount to each worker regardless of his salary.

Profit-sharing meets with opposition from some quarters, as might be expected. Labor unions as a rule do not like it, because it tends to produce a feeling of common interest between the employer and his workers which makes unions unnecessary. Some employers object to it as putting all the real burden upon them. They say that while the worker is perfectly willing to divide the employer's profits he never wants to help make up a deficit if the business does not happen to prosper in any year.

Profit-sharing has not succeeded everywhere it has been tried, but its successes are far more numerous than its failures. It makes the workers feel that they have something to gain by doing their best work, and the quality and amount of the product is likely to show a great improvement. It largely does away with the feeling of class distinction between employer and employee and produces a common interest in the common task. The Baldwin Locomotive Works and the N. O. Nelson Company are examples of corporations which have found profit-sharing successful.

Some other employers prefer to pay wages above the average instead of establishing any system for division of profits. The Ford Motor Company has adopted this policy and has done much to elevate the standards of living and working among its employees. Other corporations, such as the United States Steel Corporation, encourage their employees to buy stock in the corporation, sometimes offering it on much more favorable terms than it could be purchased by outsiders. These, however, are not real forms of profit-sharing, though they help to develop a friendly state of mind among the workers.

Would you work better for your employer when you knew you were going to get more money if the business were successful? Is it your moral duty to work your best all the time, regardless of your wages?

125. Sharing Management with the Workers. — Americans usually love to talk about democracy, but it is only recently that they have begun to think of it as applied to industry. By the term *industrial democracy* we mean simply the policy of giving the employees as well as the proprietors a voice in the management of the business. It is actually putting into practice the doctrine that all who are connected with an industry should feel a direct interest in its success and some responsibility for making it successful.

Many employers have encouraged their men to make suggestions for improvements in conducting the business,



THESE ARE ALL FROM ONE ESTABLISHMENT.

It cost Mr. Ford several thousand dollars to take enough of his workers' time to have this photograph made. Can you guess how many there are here? The business employs nearly 40,000 people in Detroit. A city as large as Buffalo could be formed if all the Ford workers and their families in the United States should get together in one place.

offering reward in money for acceptable ideas. Many also, as we have seen, have built houses to rent or to sell to their people, and have tried to surround the workers with pleasant conditions, both while at work and at home. But the initiative in these cases came from the employers. Should the men have equal opportunity to propose policies or methods?

At the Riverside and Dan River Cotton Mills at Danville, Virginia, a system of organization has been worked out which is patterned after our national government. The executive officers of the corporation form a "cabinet," which has a veto power over the acts of the other branches, though it has

never been used. The foreman and heads of departments constitute a "senate." The machine workers and hand-workers in the mills choose a "house of representatives." Everybody connected with the establishment, it is said, is enthusiastic about it, and the best of feeling prevails. All matters of general interest that concern the welfare of the men and the operation of the plant are open for consideration by everybody connected with the establishment.

The William Filene's Sons' Department Store of Boston, the Goodyear Company of Akron, Ohio, the Procter and Gamble Company of Cincinnati, makers of Ivory Soap, and the Packard Piano Company of Fort Wayne, Indiana, are among the considerable list of corporations where a system of workers' representation has been introduced. Everywhere great results are claimed. The workers do more and better work, even though they sometimes ask for shorter hours, and a wonderful spirit of contentment is said to prevail.

President Wilson's second Industrial Commission, in its report issued in March, 1920, commended this proposition in very strong terms. Some business men are not inclined to think favorably of the idea of giving up any of their control over their business. When the Brotherhoods of railroad workers proposed the so-called Plumb plan for managing the railroads, it met with little favor in Congress. The heart of the scheme was that representatives of the owners, the railroad unions, and of the public, should jointly be responsible for operation of the roads. The men were also to get the benefit of a profit-sharing arrangement.

No doubt many of the early attempts to put into practice this theory of industrial democracy will need to be revised in the light of experience, as far as details are concerned. But the ideals of it are splendid. Everybody is to feel that he has a real voice in the operation of the business. There can be no excuse for strikes and lockouts when everybody has a chance to know just how things stand, and when the

representatives of all classes have something to say about the matters which concern them. It is real coöperation — team work — applied to industry, and offers the greatest promise of industrial good-will of any proposition for business management that has been presented to a world that is tired of injustice and unreasonableness.

Could this principle be applied to any businesses in which any of your family are represented? Do you think of any in which it would be difficult to introduce it? Is the idea of industrial democracy anything like student government in school? What restrictions might be desirable in either case?

126. How Workers Have Helped Themselves. — To be able to get what one needs at a lower price than he has been paying may be just exactly as good as getting higher wages. Back in 1844 twenty-eight weavers of Rochdale, England, who had assembled to discuss what seemed then the high cost of the necessities of life, determined to see what could be done along that line. Out of that small beginning came the great movements for *coöperative buying* which have made so much headway in Great Britain.

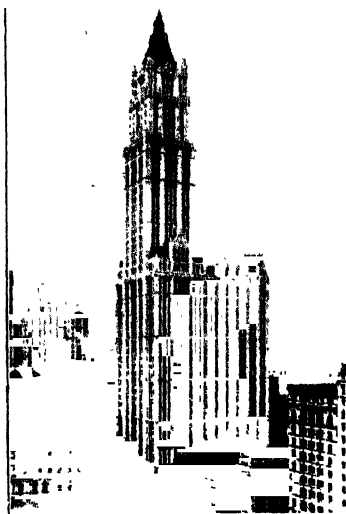
The object of coöperative buying is to take advantage of the reduced costs which result when goods are purchased in large quantities and to do away with the profits which are usually paid to the retail dealers, jobbers, and others, who do nothing to make valuable the goods which they sell, except to handle them. The plan of the "Rochdale pioneers" was to secure capital to start the business by selling shares of stock to those who were interested and would buy from the corporation. Then they would pay dividends on this stock and also divide the profits among the members in proportion to what each one purchased. The members did not get their goods for much less than they would have had to pay elsewhere, but the profits went to themselves instead of to others.

So successful were this venture and other societies of the same kind that a great wholesale manufacturing society was

organized on the same basis, and still another one in Scotland. In the same spirit, too, farmers and ranchers in this country who produce oranges, milk, apples, and the like, have combined in coöperative societies for the purpose of reducing the cost of marketing and avoiding the expense of competing

with one another for prices and the risk of depending on other people to sell their goods for them.

In late years since the cost of everything has gone up in such extraordinary fashion, some people have urged very strongly that coöperative buying and selling should be taken up by the people generally as a means of reducing the cost of living. The large profits made by the Woolworth five-and-ten-cent stores, "chain stores" like the Atlantic & Pacific Tea Company, and the United Cigar Stores, and great mail order houses like Sears, Roebuck, & Company are at least partly the result of doing business on such an enormous scale.



THE WOOLWORTH BUILDING, NEW YORK.

This is the tallest office building in the world. The money to put it up was made in the famous chain of 5-and-10-cent stores all over the country.

Why should not people who are interested in getting things cheaply for themselves be able to do as well?

There is no doubt that if honest, intelligent managers for such coöperative societies can be obtained, either great savings can be brought about for their members or else the profits can go into the pockets of the members instead of enriching other dealers. Besides, to get people to act together for any worthy purpose arouses a community spirit.

which is good and the benefits of which may not be limited to this particular enterprise. Then in farming communities especially, the separate families will be relieved to a considerable extent of the responsibility of marketing, which through ignorance of prices and business conditions they can not always do to good advantage.

Retail store-keepers have no liking for coöperative schemes, for these, if in common use, would mean the ruin of the retailers. Retail dealers assert that they render a service which is often underestimated and that people would miss them if they were gone. Opponents of coöperative buying say that it would get rid of competition, and that when the coöperative store had killed the retail trade it would put its prices up as high as the retailer ever charged. The friends of coöperation come back with the statement that if most of the people of the neighborhood are stockholders in the enterprise they would not consent to raising prices. People are not going to profiteer at their own expense.

Farmers are much inclined to take kindly to the idea of coöperative buying. Coöperative insurance companies and farm loan associations have been very successful. Undoubtedly the idea is worth serious consideration, in the city as well as in the country.

Does the corner grocery store nearest to your home offer you any conveniences which you would seriously miss if it were not there? Are its prices higher than those of other stores? What are some of the things you would have to plan out, if you were thinking of organizing a coöperative grocery or dry goods store?

127. Controlling Big Business. — We have seen that under conditions as they often exist in the business world to-day a small group of men may sometimes make themselves masters of enormous financial interests. When anything like a monopoly exists, the interests of the people are in danger, especially if the thing that is monopolized is a necessity of life. If such people are left alone, they can tell us exactly what we may do and may not do in order to live.

It is generally agreed that a state has what is known as the "police power" to a sufficient extent to permit it to pass any laws that it may consider necessary to promote the general welfare of its people. But since "big business" usually operates at the same time in half or more of the states of the Union, it is hard to get enough of them to pass laws alike to make any state control of business very effective. National control is necessary.

But how much power does the nation have? The makers of the national Constitution were wiser than they knew when they gave Congress the power "to regulate commerce with foreign nations and among the several states." It is under this regulation of interstate and foreign commerce that most of the activities of the national government must take place in connection with business. When a concern is engaged in a business whose products are sent from one state to another, it becomes subject to the regulation of Congress.

As we have seen, the first time when Congress made use of this power was in 1887, when it created the Interstate Commerce Commission to put a check on evil practices of railroads. But railroads were not the only offenders. Sometimes a railroad was forced by corporations or other wealthy shippers to give them special favors in the form of reduced rates or otherwise, or else the shipper's goods would be sent by another road. When trusts were formed, with the object of getting a monopoly of some product and crushing out competition, the only way to assure safety to the people was to have the national government exercise some authority.

The first national anti-trust law was the Sherman Anti-Trust Act of 1890, which declared all combinations "in restraint of trade between the states" to be illegal. Almost no attention was paid to this act for several years. With the coming to the presidency of Mr. Roosevelt the government began to "get busy." Prosecutions of several famous trusts were undertaken, notably the Standard Oil Company.

Numerous extensions of power were granted to the Interstate Commerce Commission.

Under Presidents Taft and Wilson the same policy was continued. In 1914 the Clayton Anti-Trust Act was passed. This law attempted to make the restrictions upon trusts somewhat more definite so that there could be no excuse for violating the law through not understanding it. To make difficult the prosecution of unions as trusts, labor was declared not to be a commodity.

People are not all agreed as to the amount of good that has been accomplished by the anti-trust laws. The breaking-up of the Standard Oil trust did not seem to have any great effect upon the price of oil. It is evident that there are other things than trusts which cause high prices. President Roosevelt used to say that there may be good trusts and bad trusts. Undoubtedly most of us feel safer if our laws do impose some restraint upon bringing together great combinations of capital. Yet there is no sense in punishing a corporation merely because it does a big business.

Some think that it ought to be possible for the government to determine the maximum price that should be charged for commodities in common use and to see that dealers do not go beyond this figure. During the War this was done in some cases, as with wheat and sugar. There are difficulties, however, in the way of government price-fixing. If it were adopted as a permanent policy, we might see prices made a political issue and people running for office on the promise to make bread cost only five cents a loaf. Usually the working out of the laws of supply and demand (§ 107) will do about all that could be safely undertaken through government price-fixing. Undoubtedly, however, we should have laws which would punish severely the men who take an unfair advantage of the public and attempt to collect outrageous profits on the necessities of life. And quite likely the government may help the people to get a square deal by having courageous and intelligent agents who will investigate matters

and announce publicly the prices for commonly used articles which they would consider reasonable.

Should people who ship goods in large quantities be charged lower rates than those who do not? Is the principle any different from selling goods at "five cents apiece or fifty cents a dozen"?

When a dealer has bought a supply of goods to sell at retail, and the wholesale price goes up after he has the goods on hand, is he justified in raising the retail price on these goods? In some cases when big firms have been fined for profiteering the newspapers have said absolutely nothing about it. Why was this? Was it right?

128. The People's Interest in Industry. — For whose benefit, after all, is business conducted? Does it surprise you if our answer is, "The people's"? Yet surely no one earns a living these days by making things for himself. Any industry exists because the people in general need or want the things which that industry produces.

No one, whether he is a farmer, machinist, physician, stenographer, or anything else, could live if it were not for the people who patronize him, directly or indirectly. Every one is dependent for almost his existence upon people who are engaged in other businesses. How wrong it is, then, for any person or group of people to attempt to carry on a business activity without thinking or caring how other people are affected by the way they do it! We are all concerned in having the great essential industries carried on and in the way they shall be carried on, and we have a right to some voice in the matter.

Outside of farming, no other one kind of enterprise employs so many people as the railroads do. Yet all the 2,000,000 railroad men combined make up only two per cent of the American people. Counting all others who could possibly be reckoned as members of their families, not more than ten per cent of the people of the United States make a living directly or indirectly from the railroad business. Surely it would be absolutely wrong for that ten per cent to command the other ninety per cent what to do in order

to live, and in order to get the ten per cent to keep on their jobs. Surely it can not be right for farmers or railroad men or policemen or any other group of people whom the community depends upon for life or protection, to quit work without warning or without a very real grievance which could not be remedied by peaceful means.

Perhaps one of the discontented workers says, "We haven't had a square deal. We need more pay." The public is interested in that too, and wants everybody to get what he earns. But it says to the fault finder, "Whatever is wrong can be corrected without your holding us up like a highway robber. If you take something from us just because you are strong enough to do it, you probably will not stop when you have got simply what you deserve."

In every great industry the people are directly concerned. The welfare of all the people is more important than the wages or profits of any one group of men. Some way must be found by which the people may see to it that all who are connected with an industry get a fair return for what they contribute to it. Besides, when employer and workman can not agree, the public ought to be able to suggest to them, "You keep on with your job and turn over to our representatives the problem which you have not solved. We can't do any worse with it than you have done, and since we are willing to help you find the answer, you have no right to make us suffer while you are looking for it."

A strike means one or the other of two things. Either the strikers are not as badly off as they usually assert, else they could not afford to lose their wages by stopping work; or the employer is so unreasonable and stingy that the only way to bring him to do justice is by shutting down his business and thus cutting off his profits, even though the strikers have to suffer during the process. In either case, the worst sufferers are the public, if the industry concerned is an important one. And in either case the settlement is far more likely to be acceptable to both sides, if it is obtained without

the violence and bitterness of feeling that usually attend a strike. When we consider what the strikers lose in wages if a strike is prolonged; when we notice how the stoppage of production, as in the coal strike of 1919, makes the commodity which is affected cost more both for the strikers and the general public; when we think of the inconvenience caused and the bitterness resulting from a strike under whatever circumstances, we are forced to conclude that nothing can be gained by a strike which could not be gained otherwise at much less cost, if both sides would only be reasonable.

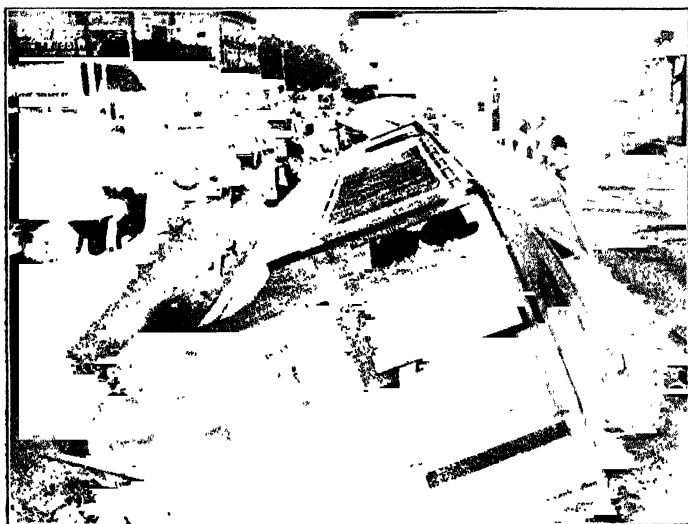
Under these circumstances the public surely has the right to insist that both sides to a dispute shall submit their grievances to some kind of peaceful settlement. Many would say also that the public has a right to demand that its representatives shall have some voice in determining the conditions under which public utilities like railways and great essential industries like coal mining shall be conducted.

This interest of the public was recognized for the first time in a matter of this kind in October, 1919, when President Wilson called a conference at Washington to discuss labor problems, which was composed of representatives of capital, of labor, and of the public. Because of mistakes in its organization this conference broke up without accomplishing anything. But the principle has been adopted frequently in making up arbitration boards to settle labor disputes. The public will never again be content to let capital and labor fight out their controversies without any regard to its own interests.

Another thought that sometimes does not receive proper consideration is that capital and labor are themselves a part of the public. It is seldom that more than a small fraction of all the capital or all the labor in the country is directly concerned in any particular dispute. Those who are looked upon as the outside party, "the public," in this dispute, may be directly mixed up in the next controversy. So if we can get the right principle established, and then remember that

we all belong to "the public" after all, we ought to be in a much more reasonable state of mind toward one another if any difference of opinion arises.

In a dispute over the wages of street railway employees, would your attitude be any different if you were an automobile owner, a regular traveler on the cars, a stockholder in the street car company, or a member of a labor union? Does the public's interest in labor disputes require a worker to stay on his job whether he is satisfied or not? If not, what can be justly demanded of him? Is the public ever responsible for labor disputes?



WHAT ONE STRIKE CAUSED.

International Film Service.

Street cars in Denver were overturned and wrecked during a street car strike in that city. State troops had to be called out and the city put under martial law for a short time.

129. Promoting Industrial Peace. — If when people disagree they would only meet and talk things over with the desire to find out exactly what was fair and reasonable, we should seldom have labor wars or strikes or lockouts. The

trouble is that one side or the other — sometimes both — is obstinate and determined to have its own way.

In the fall of 1902 when there was a dispute between the mine operators and the miners in the anthracite coal fields, the miners wished to refer their dispute to arbitration. But the operators said they had nothing to arbitrate, until President Roosevelt, backed by a strong public sentiment, forced them to change their policy. In the fall of 1919 in the bituminous coal fields conditions were exactly reversed. The operators were willing to arbitrate but the miners refused. President Wilson was obliged to use the same kind of influence upon them that President Roosevelt had used, years before, upon the operators. In both cases a settlement reasonably satisfactory to both sides was reached, which might just as well have been accomplished without the worry and inconvenience which attended a great strike.

To avoid such inconvenience and suffering to the public and to force both sides to be reasonable, some countries have laws which require the submission of disputes to investigation by a board representing the government. In Australia, New Zealand, and Norway strikes and lockouts are forbidden by law. Disputes must be submitted to arbitration and the award of the arbitrators must be accepted.

Canada has a law which forbids strikes and lockouts until a board has investigated the matters in dispute and recommended what it thinks to be right. It is hoped that when this has been done, public opinion will be strong enough to force the parties to the dispute to accept the decision. Undoubtedly many serious quarrels have been settled in this way.

In the United States we had nothing like either of these until 1920. When Congress passed the law to regulate the railroads after they were restored to private control, it established a Railroad Labor Board and provided that all disputes must be submitted to this board, if they could not be settled between the employees and the managers directly.

The state of Kansas established an Industrial Relations Court and demanded that all labor disputes should be brought before it. In this case strikes were virtually made illegal.

Most states have contented themselves with a Board of Conciliation and Arbitration, which can offer its services in aiding to settle disputes, but which has no power to command the quarreling parties to do anything. A similar agency is connected with the Bureau of Labor in the national government, and during the War the War Labor Board was of great help in settling such disputes.

Strike after strike occurring during the last few troubled years has made thoughtful people shudder at the poor prospects for peace in industry. Sometimes there seemed to be real grievances. Sometimes the excuse for the disturbance was trifling and childish. Almost always there was

no need for trouble if both sides honestly tried to be fair to each other. Very often one or both parties make demands which they know are unreasonable, so that they can appear to compromise by withdrawing the unreasonable features later and settle upon something that is really fair.

After all, laws can only set up the machinery for dealing with this matter. Laws alone can not cure the trouble. It



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GETTING TOGETHER.

Frank Morrison, Secretary of the American Federation of Labor, is talking with John D. Rockefeller, Jr. Why can not representatives of labor and capital always meet on such friendly terms?

rests in the hearts of men and women. Selfishness is at the bottom of it all. The employer who tries to see how little his men will accept and the union which demands unreasonable pay just because it can get it are both undeserving of the sympathy of the people.

A great industrial establishment where remarkable goodwill has seemed to prevail is the Endicott-Johnson shoe factory near Binghamton, New York. The employers have tried to be more than fair. The men in turn have seemed to appreciate the good intentions of their employers and trouble has been unknown. No factory in the country shows a better record in the production of shoes per man employed. Mr. Johnson's motto is said to be, "Put yourself in the other fellow's place and follow the Golden Rule."

That is the secret of the whole matter. It makes labor pleasant and it *pays* in every way. Coöperation and reasonableness will make laws unnecessary if we can get employers and employees to adopt them as their own policies. Industrial democracy, profit-sharing, welfare work of employers or of unions, will all help to make conditions better, but none of them will solve the problem unless the right spirit is back of them.

Why do some labor unions insist that the right to strike should never be denied them?

Sometimes it is asserted that arbitration is always a compromise instead of an attempt to decide what is just. Do you believe this? If it is true, is it better to settle a dispute this way than to fight it out? (Be sure you understand what "arbitration" means.)

Is there any reason why all factories could not be as successful as the Endicott-Johnson Company is in avoiding labor troubles?

130. Should the Government Carry on Industry? — Some people feel that it would be better for all concerned if the industries which are of vital importance to everybody were managed by the government directly. Railroads, telegraphs, telephones, coal mines, even some important sources of food supply, are so essential to the life of the nation that these

people think they should not be left under private operation. In many European countries the railroads, telegraphs, and telephones are looked upon as just as naturally a part of the public business as the post office, and in England and elsewhere there has been much talk about the "nationalization" of the coal mines.

The principal arguments for the ownership and operation of public utilities by the government are as follows:

(1) The service can be cheaper because the business can be run simply at cost. Or if we prefer to make money on it, the profit can be used to reduce other taxes.

(2) The service will be under centralized supervision and control. Combinations which could not be safely allowed to private corporations can be permitted when the government exercises such control. We can have all the advantages of monopoly without its disadvantages.

(3) There will be an unlimited amount of capital available, for the entire resources of the country will be back of whatever enterprise the government engages in.

(4) Putting all the employees under civil service rules will result in a higher standard of service.

(5) Control of labor and rate problems and the settlement of them on the basis of strict justice will be easier than under private operation.

(6) Government regulation as a means of preventing evil in these industries is always awkward and complicated.

On the negative side of the proposition these are the most common arguments:

(1) Government operation is never as well done as private management of the same thing. People working for the government are proverbially careless and wasteful, not to mention practices known as "graft."

(2) The taking over of these great industries would require the government to assume an enormous debt, unless we should seize them outright, which would be very unfair to the million or more people who have invested their savings in them.

(3) To establish a great nation-wide monopoly would do away with the competition which is one of the chief spurs to business progress.

(4) Politics would enter into the management of the business, and the employees of these industries would constitute a great body of three or four million men and women who could act together in politics in a way that would be dangerous to the welfare of the people.

(5) To depend upon Congress or a state or city government to provide funds intelligently for conducting these enterprises would be out of the question. They would not know enough about the business to do it themselves and they are seldom willing to take advice from those who do know. No good business man would care to assume responsibility for managing an enterprise under such conditions.

We must look upon this proposition of government ownership and operation of industries or public utilities as still an open question. During the War the railroads, telegraphs, and telephones were under government operation for a while in order to make them more useful to the country for carrying on the War. Much fault was found with the way this government operation was carried on. But the difficulties under which it was attempted make it impossible to judge how successful it might have been in normal times. We must notice, too, that what we had was *government operation under private ownership*, which is a much more difficult situation to deal with than government ownership and operation.

Now that these activities are in private hands again we have another chance to see what private management can do. If it succeeds in giving good service without raising the rates very much, probably there will be little demand for government ownership and operation for a while. If it does not do this, people may conclude that government operation was not so much of a failure after all. Especially if labor disputes should be frequent, government ownership will undoubtedly be actively advocated again.

In what ways was or was not the government operation of the railways during the War a fair test of this proposition?

Is it good argument to cite the post office as proof that government ownership and operation have been successful?

QUESTIONS

What conditions should prevail in a factory in order to enable the workers to do their best? Mention some of the details that are necessary to make these conditions possible. What are the principal arguments for an eight-hour day as compared with a longer time?

Define *social insurance*. Mention the various kinds of it. Why is it desirable to have laws to compel the adoption of some forms of it? What are the various agencies for preventing unemployment? Which are best? Are old age pensions desirable?

Define *welfare work*; *profit-sharing*. What motives induce employers to engage in these? What is the attitude of labor unions towards them? What are some of the most common forms of welfare work? of profit-sharing? Show the importance of good housing for the workers.

What is *industrial democracy*? Give some illustrations of its operation.

Define *coöperative buying*. How did it originate? What advantages and disadvantages are connected with it?

Why do we have laws for controlling big business? Under what constitutional power does the national government do this? What are the chief laws that have been formed for this purpose? Is government price-fixing desirable?

Has the public a right to say anything about the management of industry? What are the reasons for strikes? Are they necessary? What are the chief obstacles to forcible settlement of disputes? Define *arbitration*; *compulsory arbitration*; *compulsory investigation*. What else besides laws do we need to correct these evils?

Summarize the principal arguments for government ownership and operation of public utilities; the chief arguments against them. What effect do you think the war had upon the proposition?

SPECIAL TOPICS

The Factory Laws of Our State.

Factory Work in 1850.

Resolved, that our state should adopt a system of old age pensions.

The National Cash Register Company.

Port Sunlight.

Ivorydale.

The Riverside and Dan River Cotton Mills.

The Endicott-Johnson Company (and other concerns similar to it).

The Rochdale Pioneers.

Resolved, that it is to the interest of the community that coöperative stores should be generally established.

Resolved, that strikes in essential industries should be forbidden.

Resolved, that the United States government should own and operate the interstate railroads.

CHAPTER XIV

MAKING GOVERNMENT AND SOCIETY BETTER

*Home, altar, and school, the mill, and the mart,
The workers afield, in science, in art,
Peace-circled and sheltered shall join to create
The manifold life of the firm-built State.*

— *Hosmer.*

131. How Much Is Wrong? — To speak of making something better is to assert that something is not what it should be. But how much? There is a fable which tells how a mocking bird was caroling gayly in a treetop, and when asked why he sang so loudly, replied: "How can I do anything else when the sky is so blue and the sun is so bright?" "Nothing in that," said a mole on the ground below, who had come up to the surface for a minute, "I have lived too long not to know that there is nothing in the world except grass roots and fish-worms."

Now each of these saw only a part of the things that existed. We need not be like the mole who saw nothing but unpleasant things. Neither should we shut our eyes or look away from the unpleasant things that do exist. There are things in the world that are wrong and that need to be corrected.

There is *unfair distribution of wealth*. We do not mean that everybody ought to have the same amount of wealth. If it were evenly divided once, it would be far from evenly divided the next morning. Some people never can keep a dollar. But some are born in surroundings of the lowest and most unattractive type. They have to struggle for mere existence against a most unfavorable environment,

while others are born to a life of ease, surrounded by luxury and pleasure.

There are those who have piled up wealth which could be fairly compared to blood money taken from the very lives of their workers. Others have taken advantage of the needs of the people to charge them outrageous prices for the necessities of life, or imposed unjust burdens as landlords upon tenants who must pay or sleep in a vacant lot. There are children working for a few cents a day whose lives are being dwarfed and scarred by the hardness of their toil and the ugliness of their surroundings.

There are *political wrongs*. There is less personal dishonesty than there used to be, but the "grafters" have not all gone. People vote too often by habit or for some selfish reason rather than because they believe that the candidate for whom they vote is the one whose election would be for the best interests of the country. The power of political organizations sometimes denies honor to men who think for themselves and refuse to "take orders." Men in office sometimes vote for party rather than for right.

There is *abuse of wealth and opportunity*. Reckless extravagance we see on every hand. Those who have little try to imitate the rich in vain display. Children get the notion that the object of life is to see how little one can do ~~that~~ is hard. When they have to look out for themselves they do as they have seen their elders do, and conclude, as one has put it, to wait for a situation with the emphasis on the "sit." Then there are others who are engaged at labor that is worth while but who deliberately limit their work and insist on doing much less than they could easily do.

There is *ill will between classes*. The native American calls the foreigner a "wop" or a "dago" and refuses to help him become anything else. The rich man sometimes looks with scorn on the fellow who works with his hands. A great mass of the manual laborers have learned to call themselves the "proletariat." They hate the rich with a violent hatred

and have begun to talk of "the class conflict" as if one class was meant to rule the other instead of living in harmony with it. Between the rich and the "proletariat" comes the middle class — somewhat like the "bourgeois" of Europe. They are the small business men, the professional men, the clerks, the farmers, a vitally important element in a



UNSPEAKABLE LIVING CONDITIONS.

The workers at a Maryland canning factory lived in such surroundings when not at work.

nation. Yet, looked down upon by the greedy rich man, despised by the discontented, ill-advised poor man, they sometimes wonder what they are coming to.

Yes, there are surely some things that are wrong. We have not nearly attained to the ideals for which we know we ought to strive.

When is hard work undesirable, if ever? Who are more numerous, those who work too much or those who work too little? Whose fault is it that so many foreigners do not become Americanized? Is there any excuse for the class hatred that is sometimes preached?

132. The Contented and the Discontented. — If some things are wrong to the extent that we have pointed out, it would be very strange if there were not a good many dissatisfied people in the world. In fact we can divide all mankind into two classes — the contented and the discontented — though the reason why we put a person in either group will vary greatly in the case of different individuals.

In the group of the contented we shall find such people as these :

(1) Those who know that conditions are not perfect, but who are afraid that a change would upset the good things which they do have — “ It is better to be safe than to be sorry,” they argue ;

(2) Those who have everything they want and naturally have no fault to find with things as they are ;

(3) Those who take too little interest in the world's progress to care whether conditions can be made better or not.

All these belong to the group which either wants no change or will do nothing to bring one about. Such people often speak of themselves as conservatives. Those who dislike them often call them “ stand-patters.”

On the other side — the discontented — we find a variety of people :

(1) Those who have little or nothing, who think they could be no worse off by reason of any change, and who hope that somehow they would be lucky if a change took place, no matter what kind it might be ;

(2) Those who are simply destructive or vengeful and who wish to “ take it out ” on the successful, not caring whether it is right to do so or not ;

(3) Those who know that things may be made better and want to do whatever is necessary to make them so.

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Is it desirable that we should have discontented people in the world? To some extent, yes. If there were no dissatisfied folks the world would never make any progress. The world owes a great deal to people who have had the courage to break tradition and suffer persecution in order to give a new idea to it. The more there are in our third class of discontented people, the less likely shall we be to suffer wrong in silence or permit others to be wronged without protest. Such people are the real "salt of the earth." With the very conservative on one side to offset the very dissatisfied on the other, those who are not extreme in either direction, but are progressive in a sane, sensible fashion, can lead us to a standard of happiness such as we have never yet enjoyed.

From what you have observed of the following types of people in general, what would you expect their attitude to be: a retired banker, a farmer, a street sweeper, a mechanic, a preacher, a mill hand? Would society be better off if the government gave free food to the poor?

133. Some Radical Ideas. — Before discussing this topic, we had better be sure that we know how we are using the word "radical." We have come to think of this term as signifying an idea or a person that is so far out of sympathy with existing conditions as to welcome extreme measures to bring about a change. Because in many countries a red flag has been used as the standard of such people, the most extreme among them have been nicknamed the "Reds."

One class of radicals are the *communists* of to-day. They want to do away with private property entirely. "What's mine is yours, and what's yours is mine," they say, though they often forget the first part of the theory. All property is to be owned in common, and the wealth that has been saved up by individuals is to be divided again. There is not much likeness between these people and men like Robert Owen and the other unselfish dreamers of the first half of the nineteenth century, whose idea was to give

everybody an equal chance and to make it possible for everybody to be happy.

In the United States the "I. W. W.," the so-called Industrial Workers of the World, are the most numerous examples of extreme radicals. What they advocate may be judged from a quotation or two from the preamble of their constitution :

"The working class and the employing class have nothing in common." "Between these two a struggle must go on until the workers of the world take possession of the earth and the machinery of production and abolish the wage system." Such people have a great deal to say about "class consciousness." There is no thought among them of coöperation — it is simply one class ruling the rest. To get power into their own hands they are willing to do anything whatever. They speak of "direct action," by which they mean destruction of property, threatening or taking of life, or any other means that will scare or force people to let them have their way. When they do not dare to go so far as this openly, they may indulge in "sabotage." By this term is meant any underhanded means of harming an employer, either by damaging machinery, causing imperfections in the product, or doing anything of that nature which will hurt his business.

It is hard to see how a right-thinking American can possibly indulge in such performances or hold such theories. A decent man finds it difficult to sympathize with even oppressed people who use any such means to have their grievances corrected.

Among what classes of people might you expect to find such notions most common? Is the rich man at all to blame for the existence of them? What is the best way to treat such people?

134. Bolshevism. — The Great War gave an opportunity for one of the radical schemes for reorganizing government and society to be tried out. After the government of the Czar had been overthrown in Russia, the people, being utterly tired of war, were ready to submit to almost anybody who

had a definite program to propose that was different from what they had been having. Two able and unscrupulous leaders, Lenin and Trotsky, took advantage of the opportunity. The scheme of things which they put into practice is usually called Bolshevism, from the name of the radical party in Russian affairs at the time — the Bolsheviki.

The underlying idea of their system is that the state is all-powerful and that all the essential forms of industry shall be



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RUSSIAN PEASANTS.

These are some of the people whom the Bolshevik leaders in Russia have had to deal with. Do they look dangerous? Would it be hard for a conscienceless adventurer to make himself master of these people?

controlled and regulated by it. Mines, waterways, banks, railroads, and everything of similar character shall be administered by the state. The government is declared to be in the hands of those whom they call the "workers" — and that means chiefly the manual laborers in the towns, who, except for the peasants, are in the majority in Russia. People who employ others or who live by means of income which they do not earn have no part in the government.

Authority in this system is exercised through soviets. A *soviet* is a group of persons who are chosen by the various popular classes in a district to represent them, such as workmen, soldiers, or peasants. Representatives of local soviets are supposed to constitute the governing body for the nation.

The Bolsheviki put themselves in power by a rule of blood and iron, following the theory that thorough social revolution is accomplished only by bloodshed. What success they have had has been through the ability of their leaders, who have a well-defined plan which they are carrying out at all costs. People who claim to represent their principles in this country lack both the purpose and the ability of the Russian leaders. Their endeavor is to stir up disorder and disloyalty, without submitting any new plan. For these reasons and others we have come to connect with their name almost every bad idea in government and society.

In fairness, however, we must admit that we really do not know a great deal about what has happened in Russia since the Bolsheviki came into power. They in turn have either not cared or pretended not to care what anybody else thought of them. It is hard to imagine that their system could have been utterly bad or else it would not have been able to keep itself in power in Russia as long as it has. And it is a mistake to call everything Bolshevik that we do not like.

Undoubtedly it is a sound principle that any one who receives any privileges from the state shall do something to earn them. We can hardly disagree with their theory that "he shall not eat who does not work." Quite possibly we may have to come sometime to the idea that the government shall regulate industry far more than it does now. But some things about Bolshevism make difficult the belief that it can ever be made suitable to Americans. For one thing it is apparently the rule of the people by one class, and it is not democratic for any *class* to rule. Besides, it assumes such a subjection of the individual to the authority of the

state as would be hard for an American to tolerate. It is difficult for even humble Americans to give up the hopes and aspirations which are the goal under our present competitive system. Bolshevism may serve an ignorant and illiterate people. Let Russia try it if she wants to. We would rather not.

Did you ever meet a person who seemed honestly to hold the doctrines of the Bolsheviks? What kind of person was he? Have you heard any person speak who had actually been in Russia during the Bolshevik rule? What was his opinion about conditions there?

135. What the Socialist Believes. — There is another theory of the way things ought to be, which is often confused with Bolshevism. This is *Socialism*. True, it has some features in common with Bolshevism, but at its best it is a much loftier and more attractive principle. Its ideal is the brotherhood and equality of all men, not the rule of the rest by one class. Its followers have come from all ranks of people, though naturally most of them from those whose opportunities and prosperity have been slight.

The Socialist believes that the present system of industry is wrong. Capital controls all production and should therefore be possessed by the state, says he. Every industry on which the mass of the people depend for their well-being should be operated by the state, which should see to it that everybody has a fair opportunity to work and to get a fair return for his labor. Then there would be no tyranny or injustice in the world of industry. The interests of one would be the interests of all. There would be no classes, since all productive toil would be considered worthy.

The theory sounds very pleasing when presented by a winning speaker or to an audience that is "sore" at the present state of society. When we think it over, however, the question comes to us, Who has the brains and unselfishness to make the system work? Surely a tremendous responsibility would rest upon those who were in charge of affairs under a

socialistic system. Would not any system work if the men in positions of influence possessed the intelligence and broadmindedness sufficient to make Socialism succeed?

Of course we must admit that it is easier to do good under some circumstances than others. If Socialism would make it easier to do justice to all men, we ought to consider the idea seriously. It is but fair, too, to judge the principles of Socialism by its thoughtful, high-minded advocates as well as by the selfish, ignorant people who so often preach it.

Many Socialists in the United States were disloyal during the Great War, and naturally many people assumed that Socialist principles in other respects must be bad. Many Socialists, too, have been opposed to the Christian church, but there is no reason whatever why Socialism and religion should oppose each other. To some, indeed, the true Socialism seems to be simply putting into practice the lofty teachings of Christ.

It is undoubtedly best that whatever good there is in Socialism should be introduced gradually, rather than to upset everything by establishing the whole system at once. Let us not assume that everything new is undesirable, or that because we do not like some people we should refuse to listen to what they have to say. They may have an idea worth while.

Find out something about the extent to which Socialism has gone in Europe. Socialist parties there are much larger than here. Why do you suppose that is? Do you know any ministers, religious workers, or business men who are Socialists? Ask some of such people why they do or do not believe in Socialism. How would Socialism affect the following: farmers, teachers, bankers, coal miners, grocers, actors, office employees? Is the public school system a form of Socialism?

136. Can We Correct the Wrongs?—We have admitted that some things are seriously wrong in the world as we know it. We have said a little about some of the extreme theories for changing the condition of the world. Now what are we

to think about it? Is the task of making the world a first-class place to live in a hopeless one?

To admit it would be going contrary to the history of mankind. The world is better than it used to be. Despite setbacks now and then, it has on the whole moved steadily forward. With all the strikes and high prices and discontent that have worried us these last few years, there never was a time when the mass of the people in the United States had so many comforts and pleasures as they do now. There is no reason why we should think that progress has stopped and that we can never do any better.

To correct the wrongs which we have mentioned there are two conditions necessary: (1) People in general must be educated to realize that wrongs exist and to know the facts about men and things so that they can think and act intelligently in correcting the wrongs. (2) People who know what is wrong and how it may be remedied must be willing to do actively the work required to make the improvement.

Improvements in industry or society or government will never be accomplished by letting the other fellow do the work. Every single change in any of these lines is going to affect us somehow sooner or later. Perhaps we should all do more ourselves if we realized that fact. Democracy, which we believe is the right principle of government, depends upon the idea that in the long run people will be right oftener than they are wrong, and that good citizens will all do their part to see that things are settled right as often as possible.

To correct wrongs, too, we must be willing to change our minds. Of course when one is convinced that he is right, he should stand by his convictions with all the power that he has. But he should be sure that what he calls "convictions" are not merely stubbornness or force of habit, and he should always be open to receive new ideas or to listen to sincere arguments from those who think differently from him.

Especially is this true in politics, for in a democracy many important industrial and social questions are settled by polit-

ical action. Political organizations have been very useful in getting things done, but the people should use the organizations, and not let the organizations rule the people. We should form our own opinions on public questions and not let politicians tell us what to believe. And if every voter takes an active part in electing party committees and nominating party candidates, we shall have little need to complain.

How many of the evils mentioned in Section 131 do you see signs of in your own community? If you find any of them, are they in such a form that your community could remedy them itself? How many of your grown-up acquaintances sometimes fail to vote?

137. How Changes Come About. — We could classify changes under many different heads. There are changes in methods of doing things and changes in ideas. There are industrial changes, social changes, and political changes. And of course it would be impossible to separate them entirely from one another.

The genius of inventors and men of science is responsible for the bringing out of new machinery and new processes, which in turn may have very great results socially or politically. Eli Whitney's cotton gin made slavery important in the South and forced an issue into politics, the effects of which can still be seen. There is almost no escaping the influences of material changes such as this.

Changes in ideas are often harder to bring about. It was much more difficult to convince the South that slavery was an evil and a harm to the Southern people than it was to get them to use the cotton gin after it was invented. To establish a new principle we must first make the majority of public sentiment favor it. Gradually we may hope to induce people to change their views and customs to agree with a new idea if we can show them that it is sound. When we get the majority of people thinking and doing as we do, then it may be safe to make a law commanding the rest of them to do the thing in the same way. To get the law by some means made first and then try to force obedience to it

before the people in general are convinced of its soundness is usually far less satisfactory than the other way.

This does not mean, of course, that those in authority should never undertake or propose anything new on their own responsibility. Our officials ought to lead us as well as to obey us. But their task will be much easier if they can



Central News Photo Service

ONE PHASE OF LAW-ENFORCEMENT.

People who have tried to defy the national prohibition enforcement law have used all kinds of schemes to carry and sell liquor. These people were caught at it and will no doubt receive a pretty stiff sentence. Is there any excuse for such performances on the part of people who dislike prohibition? Prohibition has undoubtedly come to stay. Could it have been brought about in any way which would have made it easier to enforce at the start?

convince people that their program is sound than if they try to force it upon a people who misunderstand it.

Changes brought about in this way — by convincing people of the merit of a new thing or a new idea, and then getting them to adopt it by custom or by law — we may call changes by *evolution*. Sometimes, however, people will not accept the new idea. They may be stubborn or ignorant or may

conscientiously believe that the old is better. If those who adhere to the old idea are in power politically, it may be that nothing short of violent action will overthrow them. Changes which come that way we may call changes by *revolution*.

England is the great example of a country where most changes come about by the slow but certain process of evolution. When her people make a change, it is usually because the majority of them have become convinced that it is desirable. And when they have changed, the change lasts.

France is a country which had one great Revolution. There seemed to be no other way to overthrow the wrongs of centuries. The change was sudden and extreme.

The United States came into existence by what we call the American Revolution. After all, however, this Revolution did not change customs or life very much. It simply was a breaking off of a part of the British Empire which had become strong and self-confident enough to go its own way. Much more revolutionary in some ways was our Civil War, which suddenly put an end to slavery and settled a long dispute about the political nature of the Union. But most of the changes in this country have been like those of England — evolutionary rather than revolutionary.

Which is the better way to get good government — to have a powerful monarch hand it out to the people or to have them seek it themselves? Why?

138. Which Way Is Best? — That great good has sometimes come about through revolution and war, one must not deny. England and America both realize that it was best for the United States to gain their independence. One can not see how the German military madness for mastery of the world could have been checked until it had met with defeat in war.

Yet often great and sudden changes go too far at one stride. No doubt it would have been far better if the ignorant

negroes had not been given the vote so soon after they were set free, and before they had any opportunity to become educated. The Revolution in France in 1789 and the recent overturn in Russia were accompanied by excesses which cast discredit and suspicion on both movements.

Besides, when changes are made under the stress of fervent and quickly aroused emotion, they are sometimes followed by a reaction which may undo part of what has already been accomplished. France, after overthrowing her absolute monarchy, went back for a time to absolutism again. Our Civil War, though it was won by a fervor for freedom and unity, was followed by an era of political quarreling and corruption that was almost disgraceful. The great struggle through which we have recently passed, in which a mighty spirit for the defense of liberty and justice and democracy possessed so many nations, was succeeded by a period in which the meanest sort of selfishness seemed to have seized a great part of mankind.

If changes come gradually, they are less likely to be followed by reaction. If a new thing is not introduced too abruptly, people are more likely to be ready for it and to accept it when it is established. There may be a right way and a wrong way to do a good thing.

A revolution either destroys in order to build things new or else destroys simply for the sake of destroying. Evolution brings on the new without changing the old suddenly or unnecessarily. Surely the latter way is better.

We are a democracy. We have the means — universal suffrage — to make our government what we will. All we need to do is to get enough people to vote a certain way and we can have any social or economic change that even the most radical may desire. That is the reason why there should be no excuse for revolutionary methods when radicals wish to get a change.

Radicals are entitled to try to get a change by persuading enough people to vote for their program. To accomplish

this they are entitled to free speech. Any suppression of free speech gives them an excuse for advocating revolutionary measures, because then they can claim that their only peaceful way of securing a change — the ballot — is closed to them.

There is no reason for any one to fear free speech. It has been said that the surest way to show up a fool is to let him hire a hall and address the public. But there may be some good ideas in radical arguments. Anyway, no honest man who is capable of *thinking* ought to fear free speech.

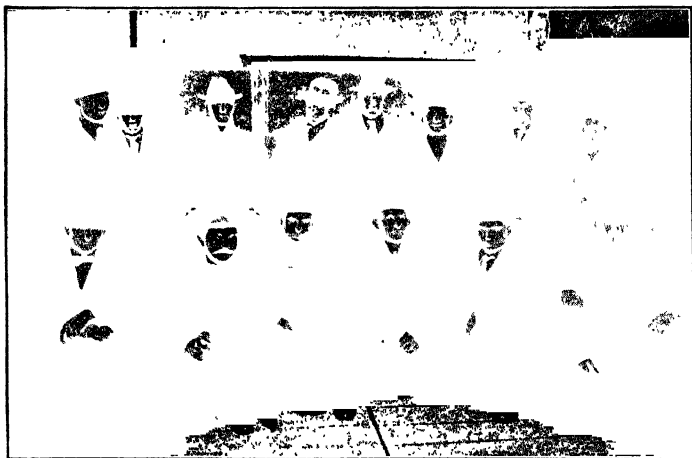
Radicalism thrives on suppression and abuse. If given a chance to talk itself out, it would be far less harmful than if silenced until it breaks out in violence. Every time anybody with political or economic power abuses that power by doing anything unfair, he promotes Bolshevism or radicalism. Every time the government acts illegally in putting down Bolshevism, it makes more Bolsheviks.

Those who are politically and economically powerful have a wonderful chance to combat radicalism if they wish, by avoiding harsh and arbitrary political or judicial acts as well as inexcusable profiteering. Every time a manufacturer doubles his price to take care of a twenty per cent increase in wages he fomenting strikes and encourages Bolshevism. If he would be content with reasonable profits, instead of piling up more wealth than he can ever hope to use, he would take most of the wind out of the sails of agitators.

The best arguments of radicals are the illustrations of abuses which, they say, our present system can not hope to correct. These abuses come invariably from men of great political or economic power. Sometimes they are able to influence even the courts. So long as they insist on owning and running the country for their own selfish "interests," they will give a big opportunity to the agitators. It will be easy then to convince the fellow who thinks he is not getting a square deal that it is useless to try to do anything by constitutional means and that by contrast a revolutionary program would be very simple and effective.

Let us then strive to learn our country's needs and the needs of the world. When some one proposes what he thinks is a better way of doing something, let us give it whatever fair consideration it deserves. And let no consideration of selfishness or apparent personal advantage keep us from helping to bring about the change if it will make the mass of the people better and happier.

Is changing our tariff laws all at once a good thing for business? If your school were to adopt an entirely new course of study, should it be put into operation in every detail all at once? If we should decide to introduce Socialism, would it be best to do so all at once?



Underwood & Underwood.

"REDS" WAITING FOR TRIAL.

These men were arrested at Portland, Oregon, as dangerous radicals. There were others who would not accept the photographer's offer of a package of cigarettes for having their picture taken.

139. Making People Think. — People who never think can not be expected to know what is best for them. One of the greatest of our needs, then, is to become a thinking people. How can this be done?

For one thing, people must know the facts upon which their opinions are to be based. Magazines, newspapers,

moving pictures, and public addresses are some of the means which present these facts to us. Sometimes, unfortunately, we get not facts but misstatements from these sources. We must therefore have some training in judgment and morals which will help us to discriminate between sound and unsound reasoning, between honest and perverted statements of fact.

For these purposes we have the church and the school. Some people think that the church has not done all that it could in helping its members to live well "the life that now is." But since people of so many different views are often members of the same church organization, and since some church people believe that the church should be almost wholly a place for worship, it is not always easy to make a church a source of truth and power for right in improving social and industrial conditions.

We have still the school. A public school can not properly teach the doctrines of any one political party or religious denomination. But it can make known the facts and principles on which their views are based. It can teach high ideals of life and conduct that will help employer and employed, laborer and capitalist, farmer and manufacturer to understand each other's needs better and *work with* each other instead of fighting each other.

No improvement or change can be made to last unless the people as a whole are in favor of it. In the long run a people who think will come out right, even though they make mistakes. To deal rightly with the great economic and social questions which we must try to settle, we must grasp the meaning and importance of the subjects with which we have been getting acquainted in this study of ours.

Did you ever try to do something which you did not know anything about? If so, what success did you have? Mention ways in which the study we have been pursuing would have been helpful to people whom you know, but who did not have the opportunity to take it up.

140. Your Part and Mine. — Without doubt, then, there is a great task before each one of us. Already we should begin to consider how we can best help in making all government and society better. It is no imaginary problem that confronts us. It is as real as life itself. Each of us must prepare to do his part. We have our duties, just as we do our rights.

By way of review, what are some of these rights? Undoubtedly every individual, rich or poor, black or white, has



A COUNTRY COMMUNITY CENTER.

This old church has a library, a Boy Scout room, and other means of service, besides its auditorium, for the benefit of the people who live in the farming community near West Branch, New York. A live social service worker there has done a tremendous amount of good in the neighborhood.

the right to work and to enjoy the rewards of his labor. We are recognizing now, too, that he has a right to help in arranging the conditions under which he shall work and the compensation which he shall receive.

Besides, he has the right to acquire and to hold private property and to use it as he pleases, so long as his use of it does not menace the well-being of his fellow citizens. He has the right to expect the government to protect him and

promote his happiness and peace, as fully as any citizen can claim it. In short, he has the right to make the most of himself and for himself that he can, so far as this is consistent with the equal rights of others.

Now for a look at the other side. A spirit which desires to take all and give nothing is utterly selfish. Government and society alike may expect certain things from us. The co-operation about which we have often spoken becomes a very individual thing. That the work of all may be thoroughly efficient, each one must do his own share.

We ought, in the first place, to study our own talents and find out in what way we may contribute most and be most useful to society. We ought to use our earnings with forethought and care. By thrift and energy we should so use our resources that we may not become burdens on the community.

We should inform ourselves thoroughly about the conditions under which industry must be carried on and have a sympathetic acquaintance with the people who do the world's work and with their needs and problems. Only the intelligent citizen can be thoroughly useful to himself or to his community and nation.

We must support loyally the government whose protecting arm reaches out over us all and makes possible for us whatever security and prosperity we have, and enables us to enjoy "life, liberty, and the pursuit of happiness." We must help bear its financial burdens, elect its officials, and sustain its laws. We must think bravely and clearly about its public problems and stand firmly for what we believe to be right.

The future will be only as we make it. Government and society both are in our hands. What they shall be rests with us. Let us not fail in the great task of making them better.

QUESTIONS

Mention some conditions which ought to be remedied. Discuss each one with reference to the question, Who is to blame? Is it hopeless to think of correcting these conditions?

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Classify the kinds of people who may be rightly classed as "contented"; as "discontented." Is it good to have dissatisfied people?

Define *radical*; *communism*; *I. W. W.*; *Bolshevism*; *Socialism*. What do the *I. W. W.* advocate in regard to the relation between classes? What is *sabotage*? Where and why did Bolshevism originate? What are the views of the Socialist? Why do you think the system would or would not work?

What does the history of the world teach us with reference to the possibility of making the world better? What personal attitude is necessary to bring this about? How much does politics have to do with this?

What fundamental condition is it desirable to establish before a change is made? By what two general methods have changes come about? Give examples of the occurrence of each. Which method is preferable? Why? Would the other method ever be justifiable? What should be our attitude toward new ideas or toward those who propose them?

What agencies may the people use in order to become enlightened? What service can the school render in this connection?

Summarize the rights of an American citizen, industrially and politically; his duties. To what extent do they depend upon *you*?

SPECIAL TOPICS

Resolved, that the American is more to blame than the foreigner for undesirable conditions arising from the presence of foreigners here.

The History of the *I. W. W.*

The Russian Revolution of 1917.

A Review of Edward Bellamy's "Looking Backward."

Some Notable American Socialists.

The United States in the Year 2000.

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